

THE WEATHER — PARIS: Monday, cloudy, Temp. 16-20 (61-70) ... LONDON: Monday, partly cloudy, Temp. 16-20 (61-70) ... NEW YORK: Monday, part. cloudy, Temp. 17-20 (63-70) ...

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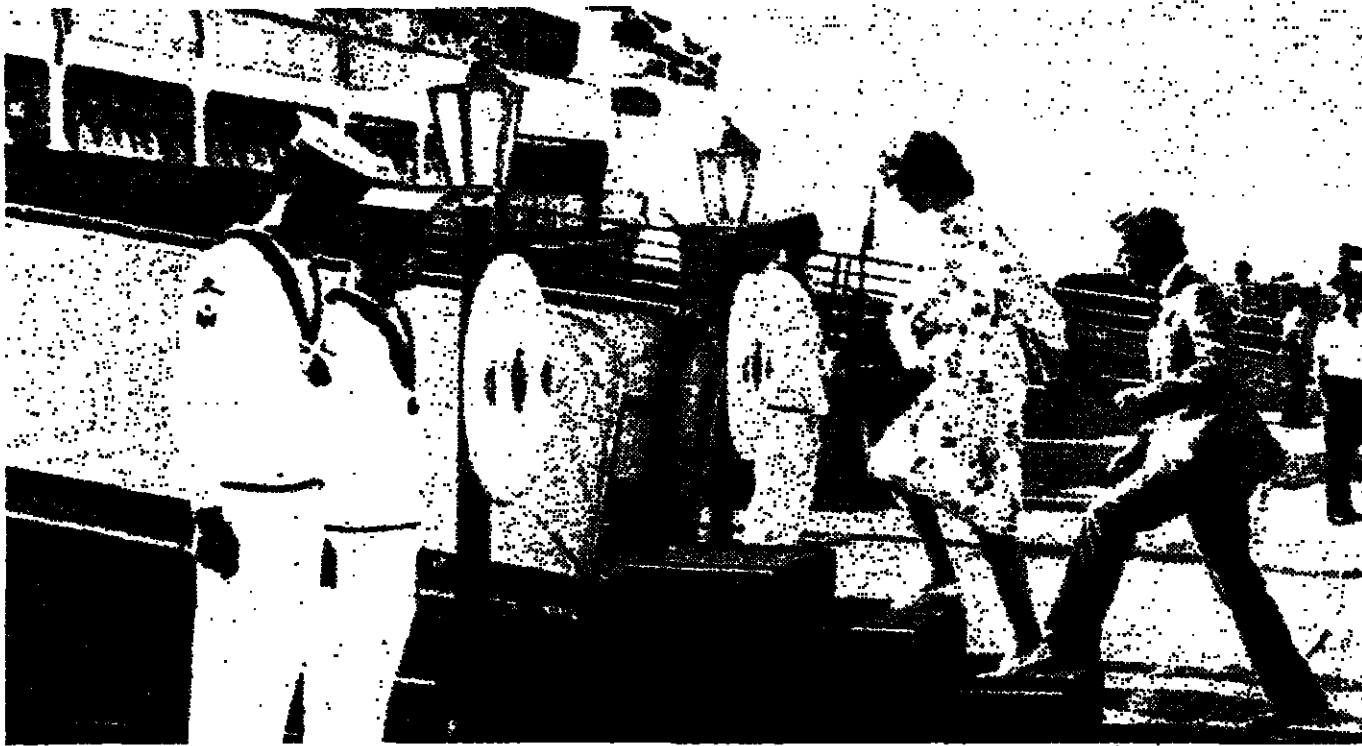
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LONDON, MONDAY, AUGUST 3, 1981

Established 1887

Gibraltar Hails Royal Visit; Spain Is Insulted

GIBRALTAR — The newlywed Prince and Princess of Wales basked in the sun and seclusion of a honeymoon cruise in the Mediterranean Sunday, as Spanish newspapers charged that their tumultuous send-off from Gibraltar was provocative and insulting.



The Prince and Princess of Wales boarding the royal yacht at Gibraltar, above, and waving to well-wishers once aboard.

Most of the 30,000 residents of Gibraltar turned out to cheer the couple, who delightedly hugged each other at the rail of the royal yacht Britannia Saturday night as it headed out on a two-week cruise, destination unknown.

Utrecht 277 years ago. The population of the so-called Rock voted overwhelmingly in 1977 to remain a part of Britain. In Madrid, the lead story in the Roman Catholic daily Ya said the "Gibraltarians used the visit to insult Spain" while the conservative ABC carried an editorial under the headline "An Act of Offense."

The picture caption described the scene as "a provocation." El Pais said 20,000 persons lined the streets among "slogans in favor of a 'British Gibraltar,' a rain of ticker tape, songs, British flags, and some banners and chants against Spain and King Juan Carlos."



The couple responded with waves and smiles to the cheers of waving crowds in Gibraltar.

2 More Ulster Inmates Die in Hunger Strike; Mine Kills 2 Officers

BELFAST — Hunger striker Kieran Doherty died Sunday at the Maze Prison near here on the 73d day of his fast, the eighth inmate to succumb to the protest by Irish nationalist prisoners, Britain's Northern Ireland Office announced. The seventh victim, Kevin Lynch, 25, died Saturday.

Provisional wing detonated a mine containing several hundred pounds of explosives under the second vehicle in a two-car police patrol on a country road outside Omagh, 60 miles west of Belfast.

Lynch's death, policemen were assaulted with rocks and gasoline bombs in several sections of Belfast. A boy was seriously hurt when a boot-trapped British flag blew up as he tried to remove it from its stanchion.

The hunger strikers are trying to force the British government to treat hundreds of jailed nationalist guerrillas in Northern Ireland as political prisoners. The hunger strike was launched March 1 by Bobby Sands, who died May 5. Street violence has followed each of the deaths.

Masked Roman Catholic supporters of the Irish Republican Army reportedly began hurling gasoline bombs and bricks at security forces in several areas of West Belfast shortly after news of Mr. Doherty's death was spread by women banging garbage can lids and blowing whistles, as they have for the earlier deaths.

Police Toll Rises Fourteen police officers have been killed this year amid a surge of violence authorities have linked to the hunger strike.

Largest Budget Cut Ever Voted Goes to Reagan From Congress

By Helen Dewar Washington Post Service WASHINGTON — Congress has made history with its final approval of \$35 billion in spending cuts for next year that reverse nearly half a century of expanding government involvement in social welfare.

The spending cuts were the biggest ever voted by Congress, and they passed with extraordinary speed under relentless pressure

Sen. Edward M. Kennedy, a Massachusetts Democrat, called Mr. Reagan's victory the product of an economic theory that says prosperity can only come by abandoning the social progress of a generation.

By voice vote, the House and its Democratic majority Friday approved a conference compromise that gives President Reagan almost all the budget reductions he sought less than five months ago—a total of more than \$130 billion over the next three years. Within a couple of hours, the Republican-controlled Senate followed suit, sending the measure to Mr. Reagan for his signature.

Sen. Edward M. Kennedy, a Massachusetts Democrat, called Mr. Reagan's victory the product of an economic theory that says prosperity can only come by abandoning the social progress of a generation.

The program cuts, affecting every aspect of government except the military, are aimed at keeping the United States within a budget of \$695.5 billion and a projected deficit of \$37.6 billion for the 1982 fiscal year, which starts Oct. 1. The administration says this is a first step toward a balanced budget by 1984, but that will require still more cuts later.

Military Leaders Confer as Poles Plan More Protests

By James M. Markham New York Times Service

WARSAW — A day after a sharp Communist Party warning to independent unions Solidarity, Premier Wojciech Jaruzelski was reported Sunday to have met with senior military commanders "in connection with the increasingly unfavorable and dangerous phenomena within the country's internal situation."

required level of defense preparedness and security in Poland. Tasks were outlined for the armed forces regarding their participation in the national economy and in fighting speculation and other socially destructive phenomena.

tion generated by the food shortages and protests. In the last week, local Solidarity chapters have staged a variety of street demonstrations and "anti-hunger marches," and on Friday some 300 industrial workers marched to the doorway of Parliament to demand the restitution of a 20 percent cut in meat rations.

As in the past, families laden with flowers visited the vast Powazki cemetery on the outskirts of the capital to commemorate some of the 200,000 people killed during the 63-day siege. Votive candles in shallow dishes flickered under the bowers of birch trees.

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President Returns to Gambia; Rebels Still Hold Out

DAKAR, Senegal — President Dawda K. Jawara of Gambia flew back to his country on Sunday, where some leftist rebels are still holding out against Senegalese troops and loyal Gambian forces.

Senegalese troops now were apparently leading for the Banjul suburb of Fajara, where it was suspected that hostages taken by the rebels were being held.

Ministry, but it was not clear if he was the minister. The main barracks of Gambia's small paramilitary field force are in the Fajara area, the sources said. Gambia has no army.

Senegalese troops attacked the Gambian rebels by land, sea and air. They seized the airport Friday morning but waited until Saturday to advance on Banjul.

The announcement of Gen. Jaruzelski's meeting with the Military Council at the Defense Ministry appeared aimed in part at dissuading Solidarity from launching further protests against food shortages. On Monday, Warsaw transportation workers and members of other municipal services are planning to converge on city hall in a fresh protest.

Greece: A Papandreou Again in the Spotlight

By David S. Broder Washington Post Service

ATHENS — Andreas Papandreou, the stormy petrel of Greek politics, is back at the center of the action again, stirring memories and emotions that many here and in Washington would like to have left undisturbed.

Former U.S. Professor Stirs Memories, Offers Change bored in Mr. Caramanlis' shadow, but he has traveled throughout the country trying to build his personal following to withstand Mr. Papandreou's challenge. He has worked hard at the job, but inflation soared to a 30 percent rate early this year and controversy still surrounds the government's decision to bring Greece into the Common Market.

With polls in the Athens area showing Mr. Papandreou's party ahead, Mr. Rallis in June broke off lengthy negotiations for renewal of the agreement with the United States for the Sixth Fleet base in Crete's Souda Bay and other U.S. installations on the mainland. Mr. Papandreou said the talks broke down because "even this right-wing government was unable to accept the unbearable conditions set by the U.S. side."

King Constantine dismissed the Papandreou government in 1965, but in 1967, when the new elections were scheduled, the betting was that the Papandreou would be returned to power. On April 21, 1967, the colonels' coup aborted the elections.

because Turkey is so strategically important. This puts a heavy burden of defense costs on us, and our party has steadfastly backed all the budget proposals for the enhancement of Greek military might.

NEWS ANALYSIS fornia economics professor is the leading challenger to Premier George Rallis in the election to be held this fall. A frequent critic of NATO and U.S. foreign policy, Mr. Papandreou is a dramatic figure whose election could mean a sharp change of direction in Greece.

During the last two decades, Greece's relations with the United States have ranged from tenuous to traumatic. Mr. Papandreou, 62, has been a symbol of that tension. His candidacy also revives memories of the 1967 colonels' coup that aborted the election that might have returned his father, George, to power.

He plunged into politics, joining his father's efforts to bring the opposition Center Union Party into power. Despite Andreas Papandreou's close ties to leading Kennedy administration figures, his political efforts brought him into conflict with the U.S. Embassy, which was clearly in the Caramanlis camp.

When Mr. Papandreou returned to Greece after the collapse of the junta in 1974, he formed PASEK, a new political party of the left, with a base among the young people, civil servants and white-collar workers.

His long-term design calls for stabilizing key sectors of the Greek economy and achieving redistribution of income. In foreign policy, he said, one also must distinguish between "those of our policies that must be seen as goals and visions, on one hand, and the objectives we would seek in the next four to eight years, on the other hand."

INSIDE

Torrijos Dies

Gen. Omar Torrijos Herrera, the political leader who won Panamanian control of the Panama Canal in a pact with the United States, dies in a plane crash. Page 6.

MX Decision?

Washington sources say that President Reagan is prepared to recommend replacement of the disputed Land-based MX missile system with an even more controversial proposal for putting the missiles aboard airplanes for aerial launching. Page 3.



Andreas Papandreou

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But upcoming fights aside, very important issues have already been settled Mr. Reagan's way. The budget figures agreed to last week are not general reductions. They are cuts that fall heaviest on the social programs that conservative Republicans believe the federal government should not pay for or encourage.

And the tax cut is not merely the experiment in supply-side economics that Rep. Jack Frensham, Republican of New York, and then Ronald Reagan, as a candidate, used to argue would produce more taxes by lowering rates and increasing incentives. The provisions for indexing future tax rates to ensure that the Treasury does not receive a dividend from inflation are roadblocks against future legislative action to reverse the spending cuts. Unless it finds the nerve to vote a tax increase, or slash military spending, Congress will not have the money available to permit it to change its mind.

James A. Baker III, assistant to the president, said last week, "I happen to think that Ronald [Reagan] is the man for the job."

Bani-Sadr Vows Khomeini Ouster As Rajai Is Sworn In as President

From Agency Dispatches
 PARIS — Iran's new president, Mohammed Ali Rajai, was formally sworn in Sunday, as his self-exiled predecessor pledged to return to overthrow the country's revolutionary leaders.

Tehran Radio reported that Mr. Rajai, the former premier who was elected president last month, was confirmed in office by Ayatollah Ruhollah Khomeini, Iran's revolutionary and spiritual leader.

But former President Abolhasan Bani-Sadr, who fled to France last Wednesday, said in an interview with the West German magazine Der Spiegel that he planned to return to Iran in a few months to help depose the ayatollah.

And in a statement to Reuters, Mr. Bani-Sadr accused Iran's clergy-led government of random arrests, torture and executions, and appealed to the armed forces to resist what he termed "the despotic rule."

The conflict led to violent demonstrations in Paris Saturday and

an Iranian warning to France of the consequences of allowing the former president to speak against Ayatollah Khomeini.

Tehran Radio, monitored by Reuters, said Mr. Rajai was confirmed as president at a ceremony in a mosque outside the Tehran residence of the ayatollah. In a brief speech, the new president pledged to struggle against what he termed the oppressors of East and West.

But in the Der Spiegel interview, Mr. Bani-Sadr said he saw no chance for survival for the "religious dictatorship" in Iran.

"I will be going back to Iran in a few months," he said. And, asked if he intended to bring about the end of the ayatollah's rule, he said: "Yes."

Mr. Bani-Sadr said in the interview that the Iranian armed forces were on his side, but he apparently ruled out a violent coup d'etat, saying: "What must be prevented is that the change takes on a bloody form."

Mr. Bani-Sadr said that only 15 percent of the Iranian people supported the ayatollah, but he said this was enough to keep him in power with the help of "repressive measures."

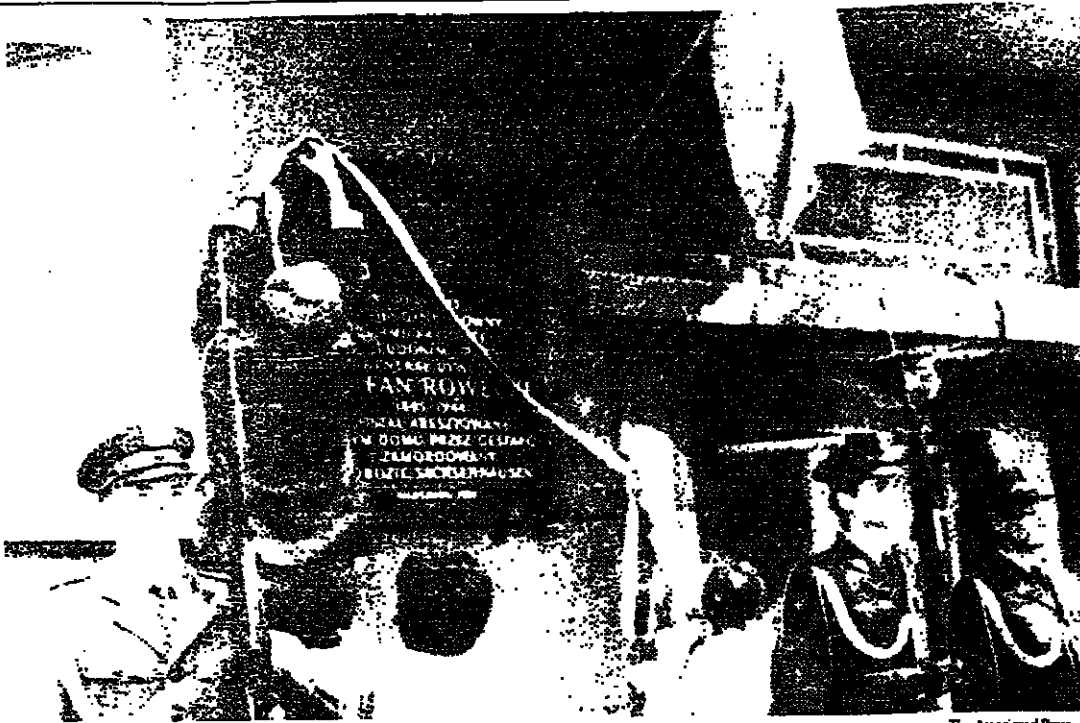
He described his successor, Mr. Rajai, as a weak man, and said: "Civil war is taking place everywhere in Iran and it will intensify."

Mr. Bani-Sadr was granted political asylum on the condition that he did not engage in politics while in France. However, he appeared to break that promise as soon as he made it and was quoted as telling a group of Italian journalists Saturday that he might leave France for another country — possibly Italy — to continue his politicking unhindered.

Well-informed French sources said Sunday that Mr. Bani-Sadr had agreed to a request by French authorities to moderate his public statements. The sources said his statements about overthrowing the ayatollah had alarmed French authorities. There was no comment from Mr. Bani-Sadr, who moved during the weekend to the home of a friend in the village of Auvers-sur-Oise, 20 miles north of Paris. Police said it would be easier to protect him there.

In Iran, meanwhile, the official Pars news agency reported Saturday that demonstrators had left the French Embassy in Tehran, which they had surrounded for two days to chant anti-French slogans and demand Mr. Bani-Sadr's extradition from France.

In an interview with the British Broadcasting Corp., Mousad Rajavi, leader of the Mujahaddin, the leftist Islamic guerrilla group, said he and Mr. Bani-Sadr were joining forces to overthrow Ayatollah Khomeini. Mr. Rajavi said he was forced to flee Iran with Mr. Bani-Sadr "for security reasons."



An honor guard stood at attention as red and white bunting was draped over a plaque just unveiled in Warsaw in memory of Stefan Rowecki, a commander of Polish underground forces in World War II. Arrested by the Nazis in 1943, he died in a concentration camp later that year.

Unexploded Israeli Bombs Delay Iraqi Reactor Check

By Thomas C'Toole
 Washington Post Service
 WASHINGTON — Technicians have been unable to inspect the damage to the Osirak reactor in Iraq that was hit by an Israeli air attack June 7 because there are two unexploded 2,000-pound bombs under the rubble.

French inspectors have refused to enter the ruins of the reactor to assess the damage, Bertrand Barre, nuclear attaché at the French Embassy in Washington, said Friday, because there are at least two unexploded Israeli bombs under the wreckage. Mr. Barre said that the Iraqis asked the French inspectors to waive Iraqi liability for their personal safety, which the French inspectors declined to do.

"Our inspectors did not go in," Mr. Barre said. "The assessment of damage done to the reactor has been made from photographs." The unexploded bombs are under the rubble of the main reactor and pose no threat to the fuel, which lies under water and partly underground at least 200 feet away. Mr. Barre said there may be more than two unexploded bombs in the rubble.

He said there is no evidence that the Israelis deliberately placed the bombs there to endanger a cleanup of the ruins, noting that bombs of ten misfire by accident. "That kind of thing happens all the time," Mr. Barre said.

He said the photographs show that the main part of the \$220-million research reactor is destroyed. Still intact are auxiliary buildings.

a small reactor called a mock-up, where the fuel was preirradiated, and the 26 pounds of highly enriched uranium fuel that is still sitting in a channel of water separating the mock-up from the main reactor, which is 200 feet away.

"If we were ever to rebuild the reactor," Mr. Barre said, "we would have to rebuild the main segment of the reactor completely because there is nothing left of it."

Most of the 150 French technicians engaged on the Osirak project are still in France, where they have been since the attack. Mr. Barre said. There are 20 French inspectors at the site to keep watch over the enriched uranium fuel that was also supplied by the French.

The French newspaper Le Monde reported recently that there had been reports of unexploded explosions at the reactor site, which is 11 miles outside Baghdad.

Mr. Barre said he did not know when Iraqi bomb squads might move into the rubble to disarm the unexploded bombs, saying that was an Iraqi decision. He said that the bombs must be disarmed before the rubble can be cleaned away and the damage fully assessed.

There have been no official talks between the French and Iraqis about rebuilding the reactor. Mr. Barre said, though Iraq has pledged to rebuild it. Mr. Barre said that if France rebuilds the reactor, it will be supplied with a new type of French fuel, called Caramel.

Ministers Set Cancun Summit Themes, Avoid Conflict on North-South Agenda

From Agency Dispatches
 CANCUN, Mexico — Foreign ministers from 22 countries wrapped up a two-day conference ahead of schedule Sunday, quickly agreeing to the major themes for an October summit on easing the economic gap between rich and poor nations.

Originally scheduled to meet for four sessions over two days, the foreign ministers, including U.S. Secretary of State Alexander M. Haig Jr., finished most of their work Saturday and were convening for only one hour Sunday to put the finishing touches on a final communiqué.

Mr. Haig was particularly upbeat after the first session and expressed satisfaction that the meetings were being held without a "confrontational mode."

The ministers, representing some of the world's richest countries as well as some of the poorer, began planning Saturday for the "North-South summit" that will bring their national leaders to Cancun Oct. 22 and 23 to discuss the problems and inequities of the global economy.

"South" Items
 An agreement by the ministers to include such items as agricultural development, raw materials, international trade, world finances and energy problems appeared to reflect a victory for the so-called "South" nations of the underdeveloped world.

Those nations have pressed for concessions from the "rich" northern countries for higher prices for raw materials, lower trade barriers and interest rates on economic development loans.

Since the dialogue began in 1975, the developed nations have demanded secure oil supplies and prices, arguing they could not help the "South" if their own economies were mired in inflation and recession.

Mr. Haig called the opening session "an extremely auspicious and promising start." He reported that a consensus was forming that the October summit, in line with U.S. wishes, will "avoid specific agendas" and forgo "the burden" of a formal communiqué but will center instead on "free and open discussion" by President Reagan and the other heads of state.

The Reagan administration has little sympathy with the previous rhetoric of the North-South dialogues, which Mr. Haig has called "both confrontational and sterile," and in this connection is unhappy with the drive for "global negotiations" between North and South sponsored by a large bloc of developing countries.

French Plea Rejected
 In keeping with previous tentative agreements and U.S. wishes, Saturday's consensus rejected a plea by France's minister of external relations, Claude Cheysson, that advance papers be drafted on the issues to be covered in October to provide a greater opportunity for the leaders to deal with specifics.

According to conference sources, the majority of those present, including the foreign ministers of India, Brazil and China, disagreed with Mr. Cheysson's idea.

The conference co-chairman, Foreign Minister Jorge Castañeda of Mexico, said that the ministers sought to avoid confrontation now and at the October summit.

Nonetheless, officials from developing countries, notably Foreign Minister Ramiro Elvijo Saravia of Brazil, spoke bluntly of the worsened condition of the world economy and the need for international action.

Mr. Guerreiro, in a speech to the private meeting later released by his delegation, said it is essential that the October summit provide "conclusions" and "concrete expressions" to implement "a political consensus on the urgent need for action" regarding North-South issues.

Saying that the world economy is suffering from "a profound structural crisis," the Brazilian minister said he has no confidence in the ability of market forces to deal with the situation automatically. "The problems that we face require political solutions [and] concerted actions of the governments to correct inequalities which warp the world economy," he said.

Gibraltar Hails Visit
 (Continued from Page 1)
 The crowd. The prince was wearing a business suit for the occasion and Diana wore a loose-fitting white dress with a floral pattern.

Sailors Line Rails
 White-clad sailors lined the rails of the Britannia and multicolored signal flags fluttered from her masts as the couple climbed the gangway.

Although the Spanish border, which has been closed since 1969, lies only 400 yards from the airport, there were no hostile demonstrations. Nor did the expected fleet of Spanish fishing vessels appear to harass the Britannia. Instead, large numbers of Spaniards came here by way of Tangier, on the North African coast, to watch Prince Charles and his new princess, the former Lady Diana Spencer, travel through Gibraltar's twisting, narrow streets.

To the same degree that the Spanish officially took the royal couple's visit to the colony as an insult, the Gibraltarians took it as a seal of their Britishness. Sir Joshua Hassan, the chief minister, said that "today's reception confirms the result of the referendum."

The prince and princess, who spent the first three days of their honeymoon at Brno, an 18th-century mansion in southern England, took off Saturday morning from Eastleigh Airport near Southampton in a propeller-driven Andover aircraft of the Queen's Flight. Prince Charles took the controls himself for part of the seven-hour trip to Gibraltar.



When you tell 'em back home how you "reined" in Ireland, save some Irish pounds on the call.

The Irish have a way of making you feel like a queen. They put you up in one of their ancient castles. Invite you to lavish medieval banquets at night. And show you the most beautiful country in the world by day—in a jaunty cart, no less (with you holding the reins). But before you share it all with the folks back home, check out these pound-saving tips.

SAVE ON SURCHARGES
 Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on! There are other ways to save.

SAVE WITH A SHORTIE
 In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS
 Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

SAVE NIGHTS & WEEKENDS
 Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

You'll save a lot of green when you follow these tips. And a lot of gas when you travel by jaunting cart.



Reach out and touch someone

WORLD NEWS BRIEFS

U.S. Envoy to El Salvador Warns Businessmen

United Press International
 SAN SALVADOR — U.S. Ambassador Deane R. Hinton has warned that a Communist takeover of El Salvador could occur if Salvadoran businessmen do not stop feuding with the ruling junta and do not work to rebuild the country's shattered economy.

In his first public appearance since he arrived in El Salvador in June, Mr. Hinton warned on Saturday that rebels are trying to wreck the economy and install a Communist regime. "If the armed subversives economy and install a Communist regime, all your other efforts would be in vain," he told businessmen.

He also warned indirectly against infighting between businessmen and government leaders. Conservative businessmen have publicly denounced the military-Christian Democratic junta for reforms instituted during the last year, including land redistribution and the nationalization of private banks and coffee exports.

Norwegian and U.S. Ships Rescue Vietnamese

United Press International
 MANILA — A Norwegian tanker and a U.S. military ship rescued 128 Vietnamese refugees in separate incidents over the weekend, officials said. More than 50 refugees were said to have died.

The tanker Antilla Bay rescued 94 emaciated refugees from the ocean late Saturday after seamen spotted their 56-foot (17-meter) fishing boat 200 miles (320 kilometers) northwest of Manila. The refugees said the Norwegian tanker was the 43d ship that had seen them since they fled from the mainland on July 11. They said more than 50 refugees had died before the rescue.

Early Sunday, the U.S. 7th Fleet's guided missile destroyer USS Berkeley rescued 13 men, 11 women and 10 children, including a baby born at sea. The rescue occurred 250 miles southeast of Ho Chi Minh City, formerly Saigon.

Sadat on 3-Nation Tour to Discuss Peace Moves

Reuters
 LONDON — President Anwar Sadat of Egypt arrived in London on Sunday on the first leg of a three-nation tour to test the readiness of Western leaders to revive Middle East peace efforts.

He is to meet Monday with Prime Minister Margaret Thatcher and Foreign Secretary Lord Carrington. Britain holds the presidency of the European Economic Community's Council of Ministers, which launched a Middle East peace initiative last year.

From London, Mr. Sadat will go to Washington for his first meeting with President Reagan, and then to Austria for talks with Chancellor Bruno Kreisky, who has well-established relations with Palestinian leaders. U.S. officials said the Reagan administration would listen to Mr. Sadat but would not make any new proposals.

Recipient of Artificial Heart Dies in Houston

The Associated Press
 HOUSTON — A 36-year-old Dutch bus driver who was kept alive by an artificial heart until he received a donated human organ died Sunday morning of an infection, in addition to kidney and pulmonary complications, hospital officials announced.

Willobords A. Meuffels died a little more than a week after receiving a human heart to take the place of the plastic pump that kept him alive for three days.

Before Saturday his condition had been stable. No other person had lived so long after receiving an artificial heart.

Gambia President Returns; Rebels Continue to Resist

(Continued from Page 1)
 rebels have received arms and money from abroad, but he has not been specific.

Last November, he accused Libya of trying to destabilize his country and of giving military training to Gambians.

Reputation for Stability
 In recent months Libya has been trying to mend its fences with African governments, many of which view Libyan leader Moamer Qaddafi's activities in Africa with suspicion.

Gambia, with a population of slightly more than 500,000, had long enjoyed a reputation for political stability. Its tranquility and pleasant beaches made it a favorite destination every year for tens of thousands of Scandinavian tourists.

The country has been suffering economically because of two consecutive poor groundnut harvests. Groundnuts are Gambia's main export.

The coup was preceded by demonstrations in Banjul against the high cost of living.

Begin Promises To Stop El Al's Sabbath Flights

Reuters
 TEL AVIV — Prime Minister Menachem Begin, still negotiating on the formation of a new government, promised Israel's religious parties Sunday that he would order the state airline, El Al, to cease flying on Saturdays and Jewish holidays. Finance Minister Yoram Aridor said.

The religious parties, whose support Mr. Begin needs in Parliament after a near-deadlock in the June general election, have been pressing to make Sabbath observance more strict.

Mr. Begin met religious party leaders Sunday, but government sources said the talks left several differences unresolved.

They said Mr. Begin told the Orthodox leaders that if they did not agree by Tuesday to join his government, he would return his mandate to President Yitzhak Navon.

Mr. Aridor did not say when El Al's Saturday flights would cease. Airline officials told reporters that the move would cost El Al \$50 million a year in lost profits.

"The president told me 'There will be no amnesty,'" he said.

Mr. Lewis said he had "a sense of hope" about the last-minute attempt to avert the strike. If the controllers' representatives made any "near reasonable" offer, the government will ask for seven days to review it, he said.

Senior Cabinet members also warned the controllers that the Reagan administration would not tolerate the chaos of a strike. It is illegal for federal workers to strike. Federal authorities have a contingency plan for regulating air traffic in the event of a strike.

Reagan Warns Air Controllers Against Strike

Reuters
 WASHINGTON — President Reagan warned federal air traffic controllers Sunday that the administration would "come down with the full force of the Justice Department" if they went ahead with a nationwide strike on Monday.

Transportation Secretary Drew L. Lewis, arriving for the resumption of talks with the Professional Air Traffic Controllers' Organization, said he had spoken to Mr. Reagan about the strike, which is set for 7 a.m. Monday.

"The president told me 'There will be no amnesty,'" he said.

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Packed Airlines Pay Passengers

United Press International
 LONDON — Pan American World Airways and British Airways paid £25,000 (\$46,000) compensation to hundreds of U.S. and British tourists stranded by the overbooking of trans-Atlantic flights, an airport spokesman said Sunday.

The airlines offered \$200 in cash or \$300 worth of transportation Sunday to hundreds of passengers jamming the international terminal at London's Heathrow airport if they would surrender their seats and travel later. The payments were made under international "denied boarding" rules.

"There has been some double booking," a Pan Am spokesman said. "The situation has arisen because a large number of Americans decided to stay on for the royal wedding. Their journeys have coincided with school holidays in Britain and a rush of British tourists to the States."

Peking Facing Water Shortage

United Press International
 PEKING — Despite substantial rainfall in the past month, China's capital is running out of water, the Peking Daily warned Sunday.

"The present supply capacity of the municipal water company cannot now meet the daily needs of the general public or industrial production," the newspaper said. It blamed the shortage on population growth, expanding industry and a falling water table from the tapping of groundwater.

"To solve the immediate problem, we must mobilize the populace of the entire city to take effective measures and use all means to the newspaper said.

Brazil Bishop Seeks End to Feud

New York Times Service
 RIO DE JANEIRO — Cardinal Avelar Brandão Vilela, the Roman Catholic primate of Brazil, has offered to mediate a 32-year-old feud between two rural families that has accounted for six murders in the past month and a half.

Nearly 30 persons have died in the feud in the rural town of Exu.

The most recent victims were members of the Alencar family, gunned down in their car in the state capital of Recife, and a 31-year-old farmer from the other feuding family, who was shot while moving away from Exu to escape the violence.

Senate-House Panel Clears Way for Vote On Reagan Tax Cuts

By William J. Eaton
Los Angeles Times Service
WASHINGTON — Senate and House negotiators after working all night to settle a dispute over multibillion dollar tax breaks for the oil industry, cleared the way during the weekend for final congressional approval of the largest tax cut in U.S. history.

However, a protest by Sen. Edward M. Kennedy, Democrat of Massachusetts, who called the compromise measure on Saturday a \$32-billion "midnight raid on the Treasury" by the oil companies, delayed Senate action until Monday.

The House was scheduled to consider President Reagan's tax bill on Tuesday and presumably send it to the White House so it can be signed into law by midweek.

Difference Is Split

The compromise bill split the difference between Senate and House cuts in oil taxes, cracked down on tax-avoidance schemes known as commodity straddles, and increased tax credits for child care expenses.

"It's a good bill, about 95 percent of what the president wanted," Secretary of the Treasury Donald T. Regan said Saturday.

The central part of the bill — President Reagan's 25 percent, three-year, across-the-board personal tax cut — was never an issue in the 14 hours of deliberations.

Faced with Sen. Kennedy's threat of a filibuster that could delay the start of the congressional recess, the Senate agreed to put off a vote until Monday instead of trying to rush the measure through by voice vote Saturday night.

Roll Call Monday

In addition, it allowed for a roll call Monday on Sen. Kennedy's move to take out the oil-tax cuts from the bill in return for his decision not to use the filibuster tactic.

Sen. Kennedy, in a statement issued Saturday by his office while he was in Massachusetts, said that he was not trying to block passage of President Reagan's tax cut.

"What I do oppose is the \$32 billion pot of gold for Big Oil that has now been tied to the tail of the tax bill," he said, referring to the oil provisions and the estimates of revenue losses for the next 10 years.

"It is an unfair and unnecessary giveaway that should be stripped from this measure before it is sent to the president for his signature," Sen. Kennedy added.

'Mom and Pop Operations'

Sen. Robert Dole, Republican of Kansas, the chairman of the Senate Finance Committee, defended the oil tax breaks, saying that they apply mainly to "little mom and pop operations, independents, with three or four employees, who are struggling to make a living on two barrels of oil a day."

Some Republican senators were unhappy over Sen. Kennedy's absence from the unusual Saturday night session and the resulting postponement of a final vote on the tax bill at his request.

"It's not right for the Senate to be inconvenienced by one member who is not even present," Sen. Dole snapped.

The special tax breaks for the oil industry have been the biggest obstacle to agreement in the conference committee negotiations.

The Senate had approved \$19.9-billion worth of oil-related cuts over the next 10 years, compared to a \$46-billion reduction in oil taxes in the House version. The conference committee decided to approve \$11.7-billion worth of tax breaks for oil producers and owners of oil land over the next five years — about midway between the 5-year cut of \$16.9 billion in the House bill and \$6.7 billion in the Senate measure.

'Stripper' Wells

The bill exempts low-yielding "stripper" wells owned by independent producers from the windfall profits tax and reduces gradually, from 30 percent to 15 percent the tax on oil from fields that began producing after 1978.

It also provides a \$2,500 credit this year for owners of lands who get oil royalties. This credit would change to an exemption for two barrels of oil a day in 1982, 1983 and 1984, equal to a credit of about \$8,000 a year, and then go to a three-barrel daily exemption in 1985, which would be worth about \$12,000 a year as a tax credit.

Overall, the bill would lower personal and business taxes by an estimated \$750 billion in the next five years, with \$550 billion in reductions for individuals.

The negotiations by seven senators and eight members of the House resolved a series of differences between the Senate and House in major tax provisions.

Highlights of the agreement:

• Child care. The tax credit for child care expenses of working parents, now limited to a maximum \$400 for one child and \$800 for two or more, was increased

considerably, starting in 1982. Under the compromise bill, a worker with an income under \$10,000 a year will be eligible for a maximum credit of \$720 for one child and \$1,440 for two or more children. The credit will decrease gradually as incomes rise, so a family with \$30,000 income would get a maximum credit of \$480 for one child and \$960 for two or more.

• Home sales. A person over 55 years old, or a severely handicapped person, will be able to exclude from taxes up to \$125,000 in profit from the sale of a home, retroactive to July 20. The limit has been \$100,000, applicable only to those over 55. The bill also will extend to 24 months, instead of 18 months, the time in which a person of any age has the chance to avoid a tax on home-sale profits by using the proceeds to buy a new home that cost at least as much as the home that was sold.

• Retirement. Starting next year, any worker will be allowed to avoid taxes until retirement on up to \$2,000 a year invested in an Individual Retirement Account (IRA). The present limit is \$1,500, and IRAs are now available only to workers who are not covered by a company pension plan.

• Commodity straddles. The bill forbids schemes to avoid taxes through so-called commodity straddles, and applies this ban to professional commodity traders, too.

• Charities. Individuals who do not itemize deductions will be allowed a special deduction of up to \$25, starting in 1982, for charitable contributions. The amount will rise each year until 1986, when contributions of any amount will be deductible by nonitemizers.

Reagan Tax-Plan Victory Held to Alter U.S. Politics

(Continued from Page 1)

Reagan has changed the course and direction of government more than any president" since Franklin D. Roosevelt.

That may not be exaggeration. But even so, Mr. Reagan's breathtaking political dominance is not total. It has not prevented the House from hamstringing Interior Secretary James G. Watt over oil drilling and strip-mining or senators from ripping at William J. Casey, director of central intelligence.

Reagan Gets Budget Bill

(Continued from Page 1)

The budget ceiling of \$566.4 billion for 1980 rose to \$661.4 billion by the end of fiscal 1981, an increase of nearly \$100 billion. By way of contrast, the spending target for 1982 is only \$34 billion over the 1981 ceiling.

"No other exercise in fiscal restraint comes close," said Sen. Pete V. Domenici of New Mexico, Republican chairman of the Senate Budget Committee, as the House-Senate budget conference — a record assemblage of more than 250 conferees meeting in 58 groups — wrapped up its work last Wednesday.

The House Budget Committee chairman, Rep. James R. Jones, described it differently. "We're not just cutting fat," said Rep. Jones, an Oklahoma Democrat, asserting that the cuts will have a direct and damaging impact on the lives of millions of Americans.

But even the Democrats acknowledged that the bill made history. "What is before the House is historic," said Rep. Leon E. Panetta of California, one of the Democrats' budget experts. "It is historic in terms of its impact on people and their relationship to government. It is historic in terms of its impact on the budget process."

The Democrats ended the day Friday with only one political trophy — a House vote for legislation to restore the \$122-a-month minimum Social Security benefit for those currently receiving it. Even that victory was marred by the fact that the Senate, over futile protests from Democrats, put off consideration of the proposal until Congress returns from its five-week summer recess, which starts next week.

The Democrats seem to be limiting their battle now to the Social Security issue, where they expect the first backlash against Mr. Reagan's cuts.



A PORTRAIT — President Reagan and Vice President Bush in the official portrait.

Several Democrats in House Exploring Party Defection, Republican Chief Says

By Margor Hornblower
Washington Post Service

WASHINGTON — In the aftermath of President Reagan's spectacular victories in the nominally Democratic House, several Democratic representatives are considering a switch in party, according to Republican leader Robert H. Michel of Illinois.

Rep. Michel claims he has met recently with several conservative Democrats who voted for Mr. Reagan's tax and budget programs and wanted to discuss the possibility of changing parties. "Whether any would want to actually change their registration before the next election — it's their privilege," he said. "I wouldn't be surprised if there were a couple who might want to do that."

If there are, however, nobody is making any public announcement. Texas Democrat Charles Stenholm, coordinator of the Conservative Democratic Forum, a loose coalition of House members who tend to vote with Republicans, said Saturday that he has not heard any serious talk about switching parties. He added, "The frustrations are very deep among conservative Democrats about the direction in which our party is going. We ought to be coming up with a new game plan. Our old one is bankrupt."

Democrats outnumber Republicans in the House 244 to 191, but the Republicans hope that if they can narrow the gap in 1982 elections, enough conservative Democrats could be persuaded to change party to give House control. Rep. Michel would not identify the Democrats he said he has spoken to.

Problem of Seniority

Although he said he is encouraging the talk, Rep. Michel is pessimistic that seniority compromises could be made midway through the two-year congressional session. "It's easier to do at the beginning of a Congress when you are organizing," he said Friday. Republicans would have to be persuaded to give up committee seats or seniority in favor of the new arrivals.

"It's a sticky wicket," Rep. Michel said, but he left open the possibility that it could be orchestrated in a few cases. "There would be just a couple you can take care of to some degree," he said.

Reps. Phil Gramm and Kent R. Hance, the two Texas Democrats who co-sponsored Mr. Reagan's bills along with Republicans, said they have not discussed switching parties and have no such plans despite talk among some Democrats that they should be thrown off their committees for deserting their party's position. "There are going to be a lot more issues down the road," Rep. Hance said. "To think that two or three votes are the only votes of the session is unrealistic."

Rep. Gramm, whose district, like Rep. Hance's, voted for Mr. Reagan in the 1980 election, said, "At this point I still hold out some hope of moving the Democratic Party back to the mainstream." He added, however, that if the Democrats decide to discipline him, "I'm not going to take kindly to it. I'm a conservative, but if the day comes when I can't represent what I believe in, I'll go back to teaching school or I'll change parties."

Other conservative Democrats also denied speaking to Rep. Michel. Rep. Dan Daniel of Virginia said he plans to remain in his party because of seniority and subcommittee chairmanship. Rep. G.V. Montgomery of Mississippi and

2 Japanese Miners Safe

TOKYO — Two Japanese coal miners trapped for 13 hours more than 2,000 feet (620 meters) underground in northern Honshu were rescued Saturday, authorities said.

Accord on U.S. Overseas Taxes

Compromise Would Allow \$75,000 Exclusion for '82

International Herald Tribune

WASHINGTON — Americans living and working abroad could exclude from U.S. taxation up to \$75,000 of their 1982 income as well as housing costs in excess of about \$6,100 under compromise legislation approved by House-Senate conferees.

The income exclusion would thereafter increase by \$5,000 a year until it reached \$95,000 in 1986. In a session lasting all night, the House-Senate conferees agreed Saturday to the House version of the overseas taxation rollback, which applies to Americans living abroad 11 out of 12 months.

The Senate is expected to approve the omnibus tax-cut bill that includes this provision on Monday and the House on Tuesday. President Reagan, who has fought for the tax-cut measure, is certain to sign it into law.

That action would mark the end of three years of sharply higher U.S. taxes levied on Americans living and working abroad, which critics said contributed to the deterioration of U.S. exports and

consequent unemployment at home. They say it forced a number of overseas Americans to return home while being replaced by foreign nationals who tended to procure equipment and supplies from outside the United States.

The conference approval of the overseas tax provision was hailed by Maurice Mosier, president of the National Constructors Association, representing 55 heavy industrial construction firms, many of which had employed thousands of Americans on overseas building projects.

Mr. Mosier said he expected final approval of the bill would reverse the trend of using "third-country" nationals to replace American workers abroad. "We feel that we will commence rebuilding the orders and purchasing that has been lost to the United States in the domestic market for capital goods and equipment used on construction projects overseas," he said. "It will be a difficult rebuilding process but we believe we can do it."

Planes May Replace Land Bases For MX Launch Under New Plan

By Lou Cannon
Washington Post Service

WASHINGTON — President Reagan is prepared to recommend replacement of the disputed land-based MX missile system with an even more controversial proposal for putting the missiles aboard airplanes for aerial launching, according to administration and industry sources.

Edwin Meese 3d, the White House counselor, said the president had made no decision. But Mr. Meese gave a strong clue to the administration's fundamental opposition to any land-based MX system with this comment: "As the president said in the campaign and has said since, he is concerned about a basing mode that would severely damage the environment of several Western states."

The proposal, called Air Mobile, is likely to provoke significant opposition from the Air Force, which considers the proposal technologically deficient, as well as from military-oriented congressmen who point out that an airborne missile system has been considered and rejected by three prior administrations. And it could provoke severe political opposition in European countries that are being asked by the United States to accept land-based missiles.

Sen. John R. Tower of Texas, Republican chairman of the Armed Services Committee, said it would be "very difficult" to get through Congress a proposal for an air-based missile, especially since the idea "has already been

studied and discarded by the experts." Sen. Tower added, "We should continue to look for alternatives, but we must not further delay our ongoing intercontinental ballistic missile program in the process."

Defense Secretary Caspar W. Weinberger denied Friday that any final decision had been made. Well-informed sources in his own department and elsewhere in the administration said Mr. Weinberger was about to recommend a complete strategic package to the president that would include development of a new manned bomber that is a variation of the B-1 bomber canceled by President Jimmy Carter.

White House sources said development of the manned bomber could be announced as early as mid-August while the president is vacationing in California. Mr. Meese and Mr. Weinberger said no decision had been reached on whether to announce the various elements of the strategic package separately or whether to do it all at once.

The administration sources who described the package Friday said it would replace the land-based MX system, advocated by the Carter administration and opposed by the Mormon church, with an airborne system that would initially include putting the MX intercontinental ballistic missiles aboard converted C-5A transports for launching. The 100 planes with their 100 missiles

would be kept on alert at a string of air bases throughout the country for takeoff at the first sign of a Soviet attack.

While this interim airborne system was being deployed, perhaps as early as 1986, research and development would continue on three long-range systems that Pentagon planners hope could eventually replace the converted transports. One of these is a new airplane, known as "Big Bird," which would be specially designed for the 250,000-pound (112,000-kilogram) MX missile, though some question whether this is technologically feasible.

Other options include the following:

• A revived anti-ballistic missile (ABM) system to protect Minuteman silos into which MX missiles would be placed. The Soviet-U.S. arms limitation treaty of 1972 prohibits only limited use of ABMs. An additional option, known as "Hard Tunnel" or "Citadel," would be to place missiles in subterranean tunnels at depths of 3,000 feet (900 meters) or greater.

• Deployment of an interim bomber, similar to the B-1 that Mr. Carter decided not to build, while work continues on the more advanced Stealth aircraft. This proposal is favored by Sen. Tower, who said he knew of no definite support at the Pentagon for the Air Mobile plan and of no one in the administration who has "come out flat-footed for it."

• Deployment of an advanced heavier version of the Trident submarine missile, known as D-5. These missiles are far larger than present Trident missiles and are believed to be 60 percent more accurate, meaning that fewer would be necessary.

Political Problems

The plan to put MX missiles into C-5A transports both solves and creates political problems for the administration. Scrapping of the land-based system will make points in the president's base of Western states and may make it easier to hold down military outlays in the next two fiscal years, even though the plan could ultimately be more expensive than the \$35-billion land-based program.

But Air Mobile also invites far greater damage from a hypothetical Soviet attack, because the planes would be deployed over population centers. One Defense Department study estimates U.S. population loss at 5.9 million in a Soviet attack against the land-based MX and at 11.3 million in an attack against Air Mobile MX.

The estimated differences become staggering in the hypotheses of a second nuclear exchange — 6.1 million people with the land-based MX and 67 million to 93 million with the Air Mobile system.

U.S. House Votes for Pension Minimum

New York Times Service

WASHINGTON — In one of the first congressional defeats this year for President Reagan, the House has voted overwhelmingly to preserve the minimum Social Security benefit for the 2 million retired people it now protects.

The House vote on Friday was 404-20. The legislation went to the Senate, where no action is expected until the end of the summer recess in September. A number of senators of both parties favor retaining the minimum, but the House bill may be put aside in favor of broader action.

Only 17 Republicans — including the floor leader, Rep. Robert H. Michel of Illinois — and three Democrats voted against retaining the \$122-a-month minimum.

Although Congress has expressed general disapproval of Mr. Reagan's proposals to reduce Social Security benefits in several symbolic votes, Friday's action was the first time either house had defeated one of the administration's measures outright.

U.S. Rocket Launch Postponed to Monday

United Press International

VANDEMBERG AIR FORCE BASE, Calif. — The launch of the most powerful Delta rocket ever sent aloft from Vandenberg Air Force Base was rescheduled for early Monday after a third postponement.

The Delta rocket, with nine engines producing 500,000 pounds of thrust, will carry two satellites designed to study how energy from the sun interacts with space around the Earth, a space agency spokesman said. Winds in the upper atmosphere caused the latest launch postponement Saturday.

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مكتبة الامم

Mr. Reagan's Economy

President Reagan's budget bill, with its gigantic catalog of spending cuts, has now been passed by Congress and is on its way to the White House. Final passage of his tax bill is similarly assured, probably within the next several days. The Reagan economic program is no longer future, conditional and speculative. It's here.

This moment culminates a long turn in the direction of U.S. politics. The earlier stages saw the declining confidence among Democrats in their own purposes, and the immobilization of the last administration as each of its good intentions collided with all the others. It was clear last winter, in contrast, that the Reagan administration enjoyed the large tactical advantage that goes to people not much troubled by inner doubts.

The great surprise of the spring and summer has been the extraordinary vigor and audacity of the Reagan White House. To have committed itself to the rapid passage of such complex legislation was, by any measure, extremely daring. There were probably not many people who expected more than a much compromised and delayed outcome. As a feat of legislative engineering, the victory is spectacular. It is difficult to think of another bill that has touched as many different subjects as the budget reconciliation bill that Congress completed on Friday — less than three months after it began.

But for all of the administration's skill and stamina, it has been able to move with such speed only because nearly everyone in politics, adversaries as well as its friends, recognizes a deep and widespread sense of public exasperation with the way things had been going — with, as the president calls it, the "economic mess." But what, exactly, do people mean by the economic mess? Most of the country remains very prosperous.

Many people mean inflation when they speak of the mess. Many also mean slow economic growth, and the failure of incomes and

living standards to rise as fast as they used to. For some people, particularly in the steel and automobile towns, the term "mess" is an expression of resentment against rising foreign competition. The Carter administration was destroyed by its inability to make firm choices among these conflicting claims.

In theory, the Reagan program is going to remedy all of these various kinds of distress without requiring choices among them. In practice, it won't be so simple. As the program now stands, it is indeed likely to lead to a faster expansion of business and employment — particularly with the force of rising military spending behind it. But the prospect of bringing down inflation at the same time is, to put it mildly, uncertain. Those two things, rapid growth and declining inflation, have never been accomplished simultaneously before.

The greatest virtues of the Reagan program, as it is embodied in these two enormous money bills, have little to do with money. These bills dispel the atmosphere of futility and stalemate that gathered around U.S. economic policy throughout the 1970s. That's a healthy change, for reasons that run well beyond economics. These bills dramatically reassert political control over much that previous presidents, with many shrugs, had abandoned as uncontrollable. That's equally healthy.

But as a statement of social policy, the tax bill in particular, with its implication of widening differences among economic classes, falls well short of the standards that U.S. traditions had previously established. The Reagan administration argues that these bills will generate a wave of prosperity bringing greater benefit to even the most impoverished Americans than direct government intervention ever did. That's a fair test by which to judge the period that begins with the signing of this legislation.

THE WASHINGTON POST.

Cassandras Confuse the Debate

By Willy Brandt

BONN — The many self-styled Cassandras on both sides of the ocean would make people believe that the Western alliance hardly has a chance of survival. This could have serious consequences if Western misrepresentations led to Soviet misjudgments. I hope it will not.

The voices of doom they foresee not only the progressive decay of NATO's defenses, but also an unavoidable collapse of democracies in Western Europe, including what they carelessly call "Finlandization." This is not realistic. It also misuses the name of a brave little democracy in northern Europe.

The destructive pessimism of these conservative critics tends to paralyze discussion between the partners of our Western community. It already has confused the debate in various countries.

Leonid Brezhnev and his colleagues in the Soviet leadership, as I learned firsthand recently, are seeing things differently. They do believe in the strength of NATO. They show little doubt that the United States and the combined forces of Western Europe would be able to destroy their empire. They seem to fear the consequences of military cooperation between the United States and China.

Modernization

And they claim that the massive buildup of their SS-20 medium-range missiles is a product of modernization, rather than an element of strategic imbalance.

Whether the Russians are trying to deceive the West or themselves, their ongoing installation of SS-20s will probably bring some 750 warheads in a very serious problem for Western Europe. It would be even if there had not already existed a strong Soviet position in land-based Euro-strategic weapons. Unfortunately, this was not

made part of SALT-2. But warnings were given at various times in the last three or four years. In December, 1979, NATO decided that by the end of 1983 new U.S. nuclear weapons would be deployed on Western European soil and that U.S.-Soviet negotiations would begin.

NATO did not foresee how the timetable would be influenced by U.S. elections. But there should be no confusion about this simple fact: The Europeans were told that negotiations might influence the armaments decision. Many Europeans would not be satisfied now if they were informed that there was no possible linkage or just not enough time, and that since the Russians would demand the negotiations also to include the forward-based systems, the deployment of Pershing-2s and Cruise missiles had to take place in any case.

Deployment

Whether or not they are going to be deployed will have to depend upon serious negotiations. If at all possible, we will have to convince the Soviet Union that its readiness to change earlier decisions will determine whether or not new rounds of the arms race will be started. In other words, the Soviet Union will have to reduce drastically its Euro-strategic systems if it wants to avoid the deployment of new U.S. arms in Western Europe.

This is more or less what I told Mr. Brezhnev and his colleagues. Their answers and proposals should be studied carefully both by our experts and by those who carry political responsibility.

I am aware that the president of the United States and his administration, Congress and the U.S. people are facing hard and costly decisions, not least in the military sphere. But when we follow discussions on a sea- or air-based solution for the MX

system, for example, we feel that our American friends will understand some of the worries and anxieties in Germany, Holland, Belgium, England and elsewhere, old and young, conservative and Social Democrat.

All are deeply afraid of the dangers that could emerge from the addition of the Pershing-2 and Cruise missiles to the existing thousands of nuclear warheads that are stored on the territory of the Federal Republic of Germany. This is why people insist so passionately on exploring every single opportunity of negotiations with the Soviet leaders.

It is, of course, not impossible that the long and complicated talks will lead to nothing. The Soviet Union seems to suffer from a deep-rooted complex of uncertainty. The degree of security it is longing for seems to surpass rational limits. This leads to a vicious circle: Any measure taken to improve security reduces it at the same time that it calls for counter-measures.

By no means can we be certain that an early encounter between Mr. Reagan and Mr. Brezhnev would break this spell. But it could be a beginning. In any case, in the interest of survival, SALT has to be carried further.

Necessities

The leaders in Moscow are struggling with severe problems. The tensions within their system are grave. Our troubles sometimes look comparatively harmless. We in the West are stronger than many commentators are willing to admit. Do they, for example, realize that West Germany alone can call into service 1.2 million well-trained and equipped men within 72 hours?

The Soviet Union is no easy partner, but it obviously needs peace. Its leaders need détente, and so do we in order to live up to the necessities of our societies, our economies and our obligations to the Third World.

We must tell our counterparts in Moscow that the reduction of tensions is not out of reach if they are willing to meet a series of clear expectations that have been or will have to be defined within our alliance. We in the West are certainly strong enough to enter early negotiations. Contrary to a careless remark in Washington, there is no lack of subjects and substance for earnest debates. If we fail the first time, we must try again. We must try and try again.

We should start by talking frankly and courageously among ourselves. The founders of our alliance did not merely think in terms of a gigantic



The writer was chancellor of West Germany from 1969 to 1974 and remains chairman of the ruling Social Democratic Party. He wrote this article for *The Washington Post*.

Uncertain Signals in Nicaragua

The foundation is beginning to crack in the halfway house that is Nicaragua. Three fissures seem particularly unsettling. The main opposition newspaper, *La Prensa*, was recently closed for two days, in what was clearly a warning *pour les autres*. By widening state control over exports and the private sector, the Sandinist-led junta is jeopardizing an alliance that has brought Nicaragua domestic tranquility and foreign support. And there has occurred a Soviet-supported military buildup, only partly justified by fears of an exile invasion from Honduras.

Yet, democratic and free-market advocates in Nicaragua refuse to give up the fight. The battle for a free press, for elections and political pluralism continues as the revolutionary regime enters its third year. The persistent struggle is all the more remarkable since the Reagan administration decided in April to suspend aid that had been expressly designed to bolster the private sector.

Libya then obliged with a \$100-million loan. Despite its economic straits, Nicaragua invested heavily in an army of 40,000 and a militia of 200,000. Cuba has supplied more advisers and the Soviet Union is now providing weapons, including tanks, according to a junta spokesman. Even conceding security fears, there were less provocative sources for military supplies.

If this were the whole story, Nicaragua could now be labeled a Soviet-bloc dependency. But the label doesn't quite fit, as administration officials acknowledge. The coalition that overthrew Gen. Anastasio Somoza produced no domineering figure, like Fidel Castro. Power in the three-member junta and

nine-member Sandinist directorate is checked by continuous argument. Nicaragua's young leaders are intolerant but not yet ruthless. Critics are harassed but not wholly silenced or tortured, as was common in the Somoza era.

The relative civility of the revolution is among its vital assets. It has brought Nicaragua peace at home and moral credit abroad. Despite the strain with Washington, the Sandinist regime has been befriended by Venezuela and Mexico, and by European Socialists and Christian Democrats. This support would be jeopardized by a lurch to the Leninist left, as the junta in Managua is well aware.

But if political constraints are still accepted in practice, the revolution's theory lags suspiciously behind. No timetable exists for the promised elections; pluralism is suffered rather than assured. Lacking a solid charter of rights, Nicaragua can easily drift back into repression.

These are arguments that the United States can and should make. But Washington does not help its natural allies in Nicaragua when it uses aid as a bludgeon. Some \$15 million was withheld in reprisal for the alleged smuggling of arms to Salvadoran guerrillas. The Reagan administration acknowledged a good-faith effort to halt the traffic, but the aid was not reinstated, relations worsened and Nicaragua is again accused of running guns to El Salvador. Thus did it turn to Libya, whose Col. Moamer Qadhafi, you may be sure, won't be asking inconvenient questions about human and political rights.

THE NEW YORK TIMES.

Leadership and the UN: Time for More Initiative?

By Jonathan Power

LONDON — The campaign to be the next secretary-general of the United Nations is well under way. But exactly what is it that the new secretary-general will head — a peacekeeping organization, a debating society or a bureaucratic conglomerate?

The United Nations is everybody's kicked boy, but it's interesting how in a crisis the big powers can run to it. When the superpowers have talked themselves into a corner, they can as a last resort let the small powers at the United Nations find an exit.

One such instance was the 1954 crisis over the capture of 17 U.S. airmen by China. Just as in the later Iranian hostage-taking, U.S. opinion became extremely agitated. There was even some wild talk about the use of nuclear weapons. The United Nations was asked to intervene and Secretary-General Dag Hammarskjöld went to Peking to talk to Premier Chou En-lai. It took six months of negotiating, but the men were released. Dwight D. Eisenhower has a whole chapter in his book on the incident, but the central role of the secretary-general is almost totally ignored.

It is the same in Robert F. Kennedy's book of the Cuban missile crisis. There is only a passing mention of U Thant's letter to Nikita Khrushchev, written in the face of the strong protest by the Soviet ambassador to the United Nations. Yet it was U Thant's letter that elicited a crucial response from Mr. Khrushchev indicating that there was room for compromise.

In Suez in 1956, in Lebanon in 1958, in the Congo in 1960, and in the 1973 Middle East war, it was the United Nations that provided an escape hatch for the big powers who had put themselves on a collision course.

Fast Footwork

In the wake of the Yom Kippur war, although both the United States and Russia had agreed in principle to a cease-fire, there seemed no way of implementing it. The situation looked exceedingly dangerous. Egypt was calling for Soviet help; Richard M. Nixon put the United States on a nuclear alert. It was fast footwork at the United Nations, principally by a group of Third World countries, that helped break the impasse.

They pushed for a UN force to go in — and it was on the ground the next day.

Right now, the United Nations has five forces operating in various parts of the world. These are in the Middle East, one in Kashmir and one in Cyprus. Although the United Nations is too often considered in the West to be weighted against it, the UN troops are serving very important Western interests in all of these cases.

One wishes, however, that the United Nations was more than the sum of its parts, that its secretary-general could take more initiatives and be more daring. Brian E. Urquhart, the imaginative undersecretary-general who runs the UN peacekeeping operations, tells in his biography of Mr. Hammarskjöld how it was that a man elected into a leader with a mystical feeling of mission.

He attempted to steer the United Nations into Laos in 1959 to preempt military aid from the United States and the Soviet Union. He hoped that once he got the principle of a UN presence established, it could be applied in the rest of Indochina. But the United States and the Soviet Union resisted his effort with ferocity.

Political Cost

He managed to get the United Nations into the Congo because both the United States and the Russians feared the developing anarchy and worried about the political cost of preempting each other. But when the Congolese government split, with the West and the East taking different sides, the UN effort nearly disintegrated. Mr. Hammarskjöld was considering resignation, when, in a final effort to resolve the secession of mineral-rich Katanga (now Shaba), his plane crashed and he was killed.

Despite the failures — and the Congo was in the end a hard-won

success — Mr. Hammarskjöld's spirit still hovers over the East River building. When he died, he had more detractors than friends. Now, with the passage of time, an influential but still minority wonder if the United Nations needs a secretary-general who is more than a quick-repair man.

Kurt Waldheim has been adroit and careful. As the Russian delegate said when asked if his country supported Mr. Waldheim for reelection, "The shoe fits." These are precious values in a turbulent and divided world. But it could also be the time to find another "giant," prepared if necessary to take some preemptive initiatives for peace. It's not just the political leadership of the United Nations that could be more daring, but the administrative, too. Does the world need the vast bureaucracies of FAO, Unesco and the rest, with their featherbedding and retirement parks?

Maybe it would be better to have a shimmier unified establishment with a few key departments to do the better things, with a group of wise thinkers floating around the top, men like John Maynard Keynes and Jean Monnet did in the old days of the League of Nations.

The United Nations is easy to kick around, nearly impossible to recreate — would the U.S. Senate ratify the UN Charter in 1981? The organization, one hopes, is here to stay. Maybe it is mediocre in performance, though in this case the mediocre is not necessarily the enemy of the good. Undoubtedly however, it could be better. Would a new secretary-general help or hinder? That decision needs a little more thoughtful application than so far has been given it.

The writer is editorial adviser to the Independent Commission on Disarmament and Security Issues. ©1981, International Herald Tribune.

International Opinion

Best Wishes

Barely six months into his presidency, the Reagan economic revolution is on the road. The cue-card slogans — cut taxes, slash state spending, boost defense and shed the shackles of government interference — have been translated from election rhetoric into bills and budgets and majority votes. In an America where presidents only yesterday seemed powerless prisoners of an over-complex political system, it is a stunning performance.

However, the acclaim with which this program has passed through both the Republican-controlled Senate and the Democrat-controlled House of Representatives cannot disguise the fact that it is a distinctly contentious and high-risk scenario. As with [British Prime Minister Margaret] Thatcher's not dissimilar approach, its economic assumptions have been vociferously questioned at almost every point; so too has its underlying morality.

But the most serious doubts of all could be social. Despite the many disclaimers, Reaganomics is for the rich ... Unless the medicine

works, and quickly, its effect could be to turn the U.S. into a much tenser, angrier and more divided society than we have seen this century. The rest of us, who can hardly remain untouched, must wish this extraordinary, ambitious experiment the most speedy and spectacular success.

— From *The Sunday Times* (London).

Riding Tall

After only just over six months in office, President Reagan rides tall. For the moment, at least, he has Washington at his feet. This is tremendously good news for Europe and all America's allies and friends. What they need in the first place from any American President is that he should be firmly in command on his home base.

That Mr. Reagan has now shown himself indisputably to be. His victory in getting a Democrat-controlled House of Representatives to pass his tax-cut bill by a majority of 43 votes (no fewer than 40 Democrats defecting to his side) is unsurpassed.

— From *The Daily Telegraph* (London).

Letters

The Moral Question

The discussion of nuclear weapon deployment (IHT, June 9) receives a severe moral blow when you make reference to "conventional nuclear warheads," as opposed to "neutron warheads," and attempt to gloss over questions of morality, which, in my opinion, provide us the alternative context to your proposed "legitimate debate" that leaders must impose upon their publics by sticking to the national and informed levels.

And how, pray tell, would you qualify "preemptive moral outrage" (my term) at the ongoing arms buildups in both political blocs? And why do you insist on stating these problems "as simply as possible"? Your arguments about numbers of tanks and ground-support aircraft to substantiate a "gap" in Western defenses do not provide the whole picture. You leave out anti-tank weapons, the quality of Warsaw Pact tanks, and above all the theater nuclear-weapons postures.

(But there I go speaking like a military strategist.)

You do state the truth of the matter: "Who is right? Nobody can be sure." In this context of uncertainty, coupled with massive weapons deployments, that is, of high-risk-prone deterrence, the moral dimension awaits being activated, as unconventional as that, may seem, our emotions having been numbed to the point of oblivion. Which is where nuclear weapons take us in any event. Legitimately? Unemotionally? Regardless of the rights or wrongs of the outcome?

GREGORY BERGLAND, Vaumes, France.

The Jackpot

Re: "Six Months of Reagan," (IHT, July 22).

That's it, gentlemen, you hit the jackpot! You guessed right with your surmise that the new administration is the beginning of something solid and big.

And if you could continue on this assumption, you might, in the future, be a bit more confident. I have a bit more trust in men like Alexander Haig, or Ronald Reagan.

And thank God that there is, at the moment, no strong and intelligent Democratic opposition — this only would spoil everything.

TIM BENNETT, Agde, France.

Sadat's Consciousness-Raising Task in U.S.

WASHINGTON — The Syrian missile crisis, the Israeli bombing of Baghdad and Beirut and the fragile new "cease-fire" between the Palestine Liberation Organization and Israel across the Lebanese border have sharpened Ronald Reagan's focus on the Middle East.

But nothing is likely to do more to influence his thinking — or the course of U.S. policy — than the consciousness-raising he will undergo this week at the hands of a master: Egypt's shrewd, mercantile, impassioned, larger-than-life president, Anwar Sadat, whose visit to Washington begins Aug. 4.

The hero of the historic Jerusalem breakthrough will be prepared to make Mr. Reagan an offer he may be hard put to refuse. Mr. Sadat will present himself as Mr. Strategic Consensus, even more acutely sensitive to the Soviet menace than Mr. Reagan himself. His list of worries will run from the Gulf across North Africa, southward to Namibia.

He will point to the Soviet "arsenal" in Ethiopia, the Libyan move into Chad, threats to Tunisia and Sudan — all in support of a pitch for sustained U.S. economic aid (more than \$1 billion a year) and increased military aid (more F-16 aircraft, tanks, etc.).

An offer of Egyptian bases for U.S. use under the most generous terms will be reaffirmed. "On strategic consensus," says one Egyptian official, "there is a complete commonality of views." But the price for Secretary of State Alexander M. Haig Jr.'s "strategic consensus" against the Russians has to be some demonstrable progress in the Camp David "peace process" to resolve the Arab-Israeli conflict. This means resumption of the autonomy talks to provide self-determination for the Palestinians on the West Bank and the Gaza Strip.

It also means (and here's the hard part) firm U.S. pressure to bring an end to what Mr. Sadat and other Arabs regard as calculated Israeli obstruction of that critical second part of the Camp David framework accord that has to do with the Palestinians. (The first part, well on the way to completion, had to do with Israeli withdrawal from the Sinai, and the Israeli-Egyptian peace treaty already concluded.)

At the State Department, the linkage is accepted. At the White House — well, it was not too long ago that a European foreign minister raised with Mr. Reagan the question of the "Palestinian problem" and was plunged into despair by his response:

There is no "Palestinian problem" — the president is said to have replied — it's a matter of "Arab refugees" who ought to have been assimilated by the Arab world years ago. Mr. Reagan was principally concerned at the time with forging some sort of common front between such unlikely collaborators as Israel, Egypt and Saudi Arabia against Soviet encroachment in the Gulf.

How far Mr. Reagan may have developed his thinking is hard to tell. What with one thing or another — tax-cutting, the budget, Ottawa — he has been preoccupied. The old actor, they say, likes to take one part at a time. But now the Middle East is inescapably crowding in with a heavy schedule of further visits by the heavies of the area (Israel's Menachem Begin, Jordan's King Hussein, and later, the Saudi Arabians).

In the view of many authorities — Mr. Sadat included — a confidence of events may just conceivably have opened up one of those fleeting opportunities for Middle East peacemaking that, if missed, will be a long time returning.

That will be Mr. Sadat's most important message. Merely by acknowledging a cease-fire, Israel and the PLO have significantly acknowledged each other. A more forthcoming mutual acceptance is a precondition, in Mr. Sadat's

mind, to any Palestinian settlement.

In the Lebanese crisis, a substantial Saudi role behind the scenes has finally caught that crucial country up in the peace process. That the Syrians would even talk to Mr. Reagan's special envoy, Philip C. Habib, is seen by the Egyptians as evidence of some moderation. Iraq's relative restraint over the loss of its nuclear reactor is similarly viewed as a hopeful portent.

Support Diminished

Mr. Begin's capacity to deepen and expand his West Bank occupation at the expense of eventual "autonomy" is, in one sense, intact. But his hand is weaker, and his susceptibility to U.S. pressure is enlarged by his diminished political support from the American public — within the American Jewish community. Or so Mr. Sadat is said to believe.

The time has never been tiper, says one Egyptian authority, it will become measurably less so if there is no Palestinian progress and the scheduled Israeli withdrawal from the Sinai by next spring begins to make Camp David look in Arab eyes more and more like a self-serving Egyptian "separate peace" with Israel.

If this forces Mr. Sadat to see a need to work his way back into the good graces of his Arab brothers, the form this "would likely take would not help consolidate the "strategic consensus" so dear to Mr. Haig and Mr. Reagan. That's a point Mr. Sadat will not hesitate to make this week.

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In the International Edition

Seventy-Five Years Ago
August 3, 1906

NEW YORK — In the course of their search for a man who called himself Lord Douglas and who has married a number of American girls, afterwards robbing and deserting them, the police of Portland, Maine, on Tuesday arrested a man known merely as S.G. Douglas, who, with his wife and son, occupied a cottage at Sebago Lake, near Portland. The man who was arrested declared he was Lord Sholto Douglas, a brother of the Marquis of Queensberry. The arrest followed the "bogus" Ashville, North Carolina, where the "bogus" lord recently married a highly respected girl, Miss Josephine Hood, whose mother has been prostrated with grief ever since having received 30 tidings of her daughter.

Fifty Years Ago
August 3, 1931

PARIS — Today's editorial reads: "Foreigners since Marco Polo have played strangely large roles on the stage of Chinese history. It was an Englishman, 'Chinese' Gordon, who downed the vast Taiping rebellion. Cables report that Morris Abraham Cohen has been made a brigadier-general in Canton and a member of the government council. 'Cohen Molsha' has been close to the fortunes of the Sun family for the last decade. Sun Yat-sen, so often an exile, brought him back to China more than a decade ago, and thereafter Cohen was bodyguard to the Sun family. There has always been some mystery as to his provenance. Rumor had it that he left Canada because his marksmanship was too accurate."

Herald Tribune
INTERNATIONAL

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Spain's Communists Re-Elect Carrillo in Rebuke to Kremlin

MADRID — In a victory for those advocating European Communism ideologically free of the Soviet Union, the Spanish Communist Party has confirmed Santiago Carrillo as its leader, a job he has held for 21 years.

The 10th party congress, held against a background of ideological strife and falling membership, re-elected Mr. Carrillo as secretary-general. Dolores Ibarruri, 85, known as "La Pasionaria" for her Spanish Civil War, was re-elected party president. While she won 943 votes out of 1,000 in Sunday's elections to the party Central Committee, Mr. Carrillo won only 687.

Party sources quoted Mr. Carrillo as telling a tense final session that there had been sharp discussions and serious clashes during the congress, but that he hoped the party would unite to implement the approved strategy and policies. Younger members were given 18 seats on the new Central Committee, which was reduced from 166 to 104 members, party sources said. One candidate, Fernando Pérez Royo, withdrew before the election, saying young militants were underrepresented. In polls during the four-day gathering, they consistently won about 25 percent of the votes.

Opposition from another sector, the pro-Soviet hard-liners, brought to about one-third the number of delegates who abstained or voted against Mr. Carrillo's general report.

The congress was the second since Spain's Communist Party emerged from its clandestine existence four years ago after the

death of Franco. In the last general election two years ago, it became the country's third largest party with 10 percent of the vote and 22 seats in the 350-seat Congress of Deputies, the lower house of parliament.

Criticism in Pravda
MOSCOW (Reuters) — Mr. Carrillo came under fire from the Soviet Union over a speech in which he reaffirmed the Spanish party's ideological separation from the Kremlin.

In a commentary Saturday on the Spanish congress, Pravda attacked his remarks on foreign policy and the ideological basis of his policies. It expressed particular anger over Mr. Carrillo's arguments that superpower rivalries between the United States and the Soviet Union were the chief cause of international tension.

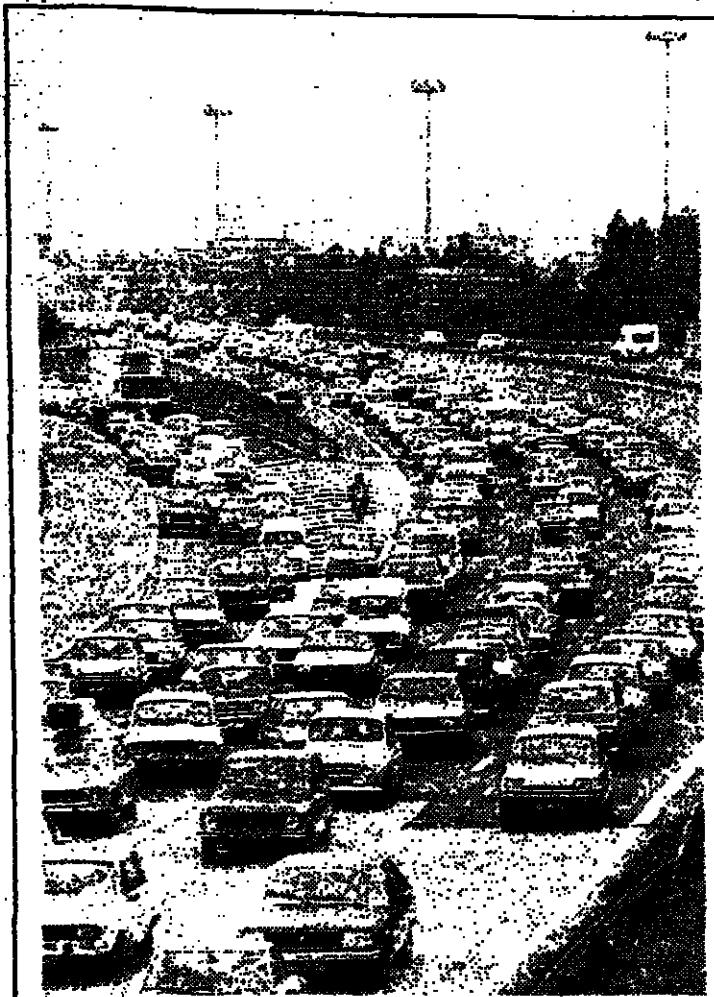
Pravda said Mr. Carrillo had "ignored a fact that should be obvious not only to Communists — that the military threat comes from attempts by the U.S. to achieve military superiority at all costs."

Referring to the Spanish party leader's critical remarks on Soviet-style party systems, Pravda said he had "failed to restrain himself from making superficial remarks about existing models of Socialism in which there is allegedly no democracy."

The Soviet press has frequently attacked the Spanish party over its Eurocommunist line, under which it maintains ideological independence from Moscow. But direct attacks on Mr. Carrillo have been relatively rare.

Pravda said the final part of Mr. Carrillo's speech had been a "catechism of Eurocommunism," outlining the concepts that separated the Spanish party from traditional Communist groups. These had included policies that put the Spanish party a long way from "real Socialism," Pravda said.

The Pravda report, clearly reflecting continued Soviet irritation with Mr. Carrillo, said both he and other party leaders had been subject to critical remarks from delegates. It said he had also come under fire for failing to mention in his address that more than 60,000 members had left the party in the three years since the last congress — a rare admission in the Soviet press that a foreign Communist party is losing followers.



THEY'RE OFF — An estimated six million French vacationers jammed highways across the country as the traditional August holiday period began in Europe. This motorway scene outside Paris was typical as many left the city.

Early Election Threatened By Muldoon Over Rugby

WELLINGTON, New Zealand — Prime Minister Robert D. Muldoon threatened Sunday to call a general election unless talks involving protesters, police and rugby officials result in an agreement on the future of the tour by the Springboks, a South African rugby team.

The three groups will meet Monday to discuss a Muldoon proposal to cut short the seven-week tour in exchange for a guarantee that anti-apartheid protests will be non-violent.

Since the tour began July 22, it has been disrupted by demonstrations and violence, including shotguns being fired at the home of an outspoken tour advocate. No one was hurt in that incident.

Of four matches scheduled so far, three have been played; one was canceled after protesters stormed the rugby park at Hamilton on July 25 and fought with police and rugby supporters.

"Last Chance"
Mr. Muldoon, speaking to the ruling National Party, said, "The law will be enforced." He said the meeting Monday was "a last chance" to come to an agreement on the tour.

"If necessary — and I hope it won't be necessary — I will go to the country on that issue and win," he said.

Mr. Muldoon's remarks indicated that if an election were called on short notice, he would attempt to rally support behind a law-and-order platform. The next regular election is scheduled for November.

Protests 'Politicized'
Mr. Muldoon said in the past week that the Springbok tour protests had become "politicized" and had merged with "the continuous, never-ending protest of the extreme left."

"Churchmen might still be in the front ranks of the demonstrators," he said, "but the extreme left has taken control of the movement."

[Police used coils of barbed wire to help them protect the Palmerston North stadium, where the Springboks played the third match of their tour Saturday, The Associated Press reported.]

Hundreds of demonstrators were kept back by cordons of helmeted riot police, AP said. Anti-apartheid demonstrations took place simultaneously in other New Zealand cities. The Springboks beat the local Manawatu team Saturday, 31-19.

The next match is scheduled for Wednesday at Wanganui, about 250 miles (400 kilometers) south of Auckland. The South Africans spent Sunday in Wanganui, playing golf and relaxing.

Mr. Gqabi is a veteran of the African National Congress' struggle against South Africa's white-minority regime. He was imprisoned for 12 years on Robben Island off the coast of Cape Town, where the leader of the congress, Nelson Mandela, has been held for two decades.

After Mr. Gqabi was released in 1975, he was immediately banned, a legal action that severely restricts a person's activities. He was one of 12 congress leaders imprisoned in South Africa in 1977 on charges of conspiring to overthrow the government. Acquitted in 1978, he went into exile. He came to Zimbabwe almost a year ago with a number of other congress members.

No Official Recognition
Unlike Zambia and Tanzania, Zimbabwe has not granted anti-South African groups any form of diplomatic recognition. They have no formal offices here.

The distinction seems to have been lost on South Africa, however. In May, South Africa's police minister, Louis Le Grange, said that if Mr. Mugabe continued to support the congress, "we will not stand by idly."

Prime Minister Pieter W. Botha strengthened the impression that it would not require guerrilla action from Zimbabwean territory to

Law of the Sea Delegates Await Next Move by U.S.

GENEVA — The UN Law of the Sea conference, the most ambitious treaty-making effort ever undertaken by the world body, recommences here Monday with no assurance that it can escape the doldrums into which it was plunged by the advent of the Reagan administration.

The Reagan administration's decision to undertake a "sweeping review" of the tentative accords, reached last year after seven years of bargaining by as many as 163 nations, threw off stride the attempts to conclude the treaty this year.

While Washington studied the 440 draft articles prepared for the treaty, which would regulate use of the oceans and their resources, the conference mostly marked time at a seven-week session in New York last spring.

On the eve of reconvening the talks for another four- or five-week round, the conference's secretary-general, Bernardo Zuleta of Colombia, said he expected the United States to play a "more positive role" than at the spring session. Mr. Zuleta added, however, that only James L. Malone, the assistant secretary of state who heads the U.S. delegation, could say "how positive" that role would be.

Mr. Malone, a former California lawyer, was named by President Reagan to replace Elliot L. Richardson, chief Law of the Sea negotiator for the Carter administration. At the end of the 1980 session, Richardson had given assurances that it was "all but certain" that the treaty would be signed in 1981.

There has been no clear indication of what changes the Reagan administration thinks are needed to dispel the "concerns" that Mr. Malone has said the present proposals cause in Washington. In testimony before Congress in April, Mr. Malone said the review could not be "fully completed" before the talks resumed in Geneva.

A Southeast Asian delegate said Third World nations felt "strong resentment" over the way the Reagan administration had halted negotiations. But he said there was "no pessimism" at the start of the new talks. "We do not think it will be the same dry run we had in New York," he said.

There is no real expectation that the United States will be ready for substantive negotiations. "What we need is to see the United States more forthcoming on the problems it has, and firm assurances that it



The limestone ark fragment found in Upper Galilee depicts two lions astride a roof and features a scallop-shell niche.

Fragment of a Sacred Ark Found In Israel Is Called Oldest Extant

NEW YORK — American archaeologists digging in Israel have uncovered what they say is the oldest sacred ark yet found. It was reported to date from the third century A.D. and appears to have had the same form and function as the arks in modern synagogues.

The large fragment of the ark, made of white limestone and featuring two rampant lions standing astride a gabled roof, was discovered in the ruins of a synagogue at the site of Nabratein in Upper Galilee. Coins and ceramics found in the ruins enabled the archaeologists to place the ark's origin between A.D. 250 and 306, the date of a destructive earthquake in the region.

The discovery was announced Saturday by Duke University and by the American Schools of Oriental Research at Cambridge, Mass. Eric Meyers, a professor of religion at Duke, said only the uppermost fragment of the ark had survived.

According to the Bible, the Ark of the Covenant contained the stone tablets of the Ten Commandments that Moses brought down from Mount Sinai. In later centuries, after the original ark disappeared, the arks kept in synagogues held the Torah, or law of Moses — the first five books of the Bible.

Until now, no ark used in the Roman period anywhere in the world had been found. The oldest ones extant dated from the Middle Ages. However, the character of the ancient arks was known from their depiction in frescoes and mosaics in the catacombs of Italy.

Mr. Meyers, who discovered the site last year and directed excavations there last summer and this summer, said the fragment of the ark was about 4.6 feet long (1.4 meters) and weighed half a ton (about 450 kilograms). The fragment is undergoing further study at the Rockefeller Museum in Jerusalem.

Leading Black Pastor Says Falwell Has Perverted the Christian Faith

NEW YORK — A Brooklyn minister who is president of the National Black Pastors Conference has charged the leader of the Moral Majority with perverting the Christian faith.

The minister, the Rev. William Augustus Jones of Bethany Baptist Church, contended that the Rev. Jerry Falwell, the Moral Majority leader, equated "piety with patriotism" and failed to distinguish between "the flag and the cross." Moral Majority is a political-action group made up of conservative Christians.

Mr. Jones, who is immediate past president of the 500,000-member Progressive National Baptist Convention, made the charges in a letter to Mr. Falwell, who is also a Baptist minister.

In making the letter public Friday, Mr. Jones said his comments were motivated by Mr. Falwell's public support for Israel's recent attack on the Iraqi nuclear reactor and its bombing of Beirut. Mr. Jones said the Moral Majority leader practiced "microethics" by backing such military action while opposing abortion.

The letter contained some of the strongest criticism of Mr. Falwell to come from a black religious leader.

Vietnam Praises Soviet Trade Tie
Recent economic and trade agreements between Vietnam and the Soviet Union were praised Saturday by the Vietnam party journal Nhan Dan as "a new step in the development of economic cooperation between the two countries."

It said that a series of important events in economic cooperation began July 19 with the founding of a Vietnamese-Soviet enterprise for the survey and exploitation of natural gas on southern Vietnam's continental shelf.

On July 9, the two nations agreed to coordinate their national economic plans for 1981-1985. They signed an economic and technical agreement July 24 and a trade pact last Thursday, Nhan Dan said. It said trade between the nations would increase substantially during the next five years.

Police in Frankfurt Seize 18 After Clash

FRANKFURT — Police detained 18 persons in Frankfurt after clashes with demonstrators who were protesting the arrest last week of suspected urban guerrillas, a police spokesman said.

Demonstrators in central Frankfurt overturned cars, broke bank and shop windows and erected barricades of garbage containers after police moved to stop a march on Saturday. About 1,500 demonstrators turned out to protest the arrest of six members of a leftist group called the Black Bloc.

Escaped Spy May Have Fled to S. Africa With Ex-Convict's Help, U.S. Believes

NEW YORK — A New Jersey man who served time in federal prison with a man convicted of spying for the Soviet Union is believed by U.S. authorities to have helped the spy flee to South Africa after he escaped from prison.

In affidavits filed in U.S. District Court in Newark, N.J., Thos. Kumpf, a chief inspector with the U.S. Marshall Service, said he also believed that the New Jersey man, Frank Abbott Sweeney, 37, could locate the missing spy, Christopher John Boyce.

Mr. Boyce, a code-room clerk for a California military contractor, and his boyhood friend, Andrew Dalton Lee, were accused in early 1977 of selling thousands of CIA documents to the Soviet Union.

Both were convicted a few months later. Mr. Boyce was sentenced to 40 years in prison and Mr. Dalton, who is still in jail, to a life term. Mr. Boyce, 28, escaped from the federal prison in Lompoc, Calif., in January, 1980.

Mr. Dalton and Mr. Boyce were the subject of a best-selling book called "The Falcon and the Snowman."

Suspect Arrested
Mr. Sweeney was arrested last Thursday at his home in Closter, N.J., and charged with illegal possession of two pistols. He was held in the custody of federal marshals in Newark overnight and then released Friday on a \$250,000 bond.

From late 1977 to early 1978, Mr. Sweeney, imprisoned on a 1976 mail fraud conviction, and Mr. Boyce were in the same cellblock at the federal prison on Terminal Island near Los Angeles. Mr. Sweeney was released in 1975.

After Mr. Boyce's escape from Lompoc, authorities began to monitor the movements of Mr. Sweeney.

Before Mr. Sweeney was arrested, federal authorities asserted in court papers that he continued "to make active plans involving international travel which, it is believed, will place him in proximity with the fugitive, Christopher Boyce."

In May, 1980, the authorities obtained two letters that Mr. Sweeney had written to another in-

mate who had been in the cellblock with Mr. Boyce and had later been living in Hermosa Beach, Calif.

In one of the letters, the authorities said, Mr. Sweeney wrote, "Two marshals interviewed me yesterday about our escaped friend, Andrew Dalton Lee. Somehow they have discovered that I helped get him into South Africa. In fact they have managed to pinpoint the exact geographical area. I suspect an informant has been at work. If the Feds contact you, say nothing."

In one of the court documents the marshals said that on Feb. 12, 1980, the State Department gave them a cable from the U.S. ambassador to South Africa.

The federal authorities said the ambassador had reported that the embassy received an anonymous

South African Black Nationalist Is Slain In Zimbabwe; Salisbury Blames Pretoria

SALISBURY — A veteran African nationalist fighting for black-majority rule in South Africa has been shot to death in his car outside his home in a suburb of Salisbury, according to police.

Joe Gqabi, 52, the head of the African National Congress in Zimbabwe, was killed Friday night. Zimbabwean officials blamed the slaying on the South African government. They promised to continue supporting the ANC.

Mr. Gqabi's murder was the first known violent incident in Zimbabwe involving the congress, which was responsible for several bombings in South Africa last year.

Uruguay General To Be President
The Council of State here has proclaimed retired Gen. Gregorio Alvarez as president for a three-and-a-half-year term beginning Sept. 1, and directed him to prepare Uruguay for its first elections since 1971.

The unanimous action Saturday by the 43-member council ratified a decision made Friday by the military junta that rules Uruguay.

Gen. Alvarez, 55, the mastermind of a military takeover in 1973, will succeed President Aparicio Mendez, a 77-year-old conservative lawyer who has served since 1976. The general is to prepare the nation for new elections before his term ends in 1985.

Malaysia Politician Freed
The former chief minister of Malaysia's Selangor state, Harun Idris, was released from prison Saturday after a pardon board reduced his sentence for bribery and forgery. Mr. Harun, 57, served about 3½ years of his term, which was to have ended in 1984.

Nuclear Plant Plans Protested Near Basel

KAISERAUGST, Switzerland — More than 5,000 anti-nuclear campaigners held a peaceful demonstration to coincide with Swiss National Day, urging the government to reject a plan to build a nuclear power plant, the nation's sixth, in this village near Basel.

Speakers said on Saturday that local people who had voted against the proposed plant should not be overruled. A private consortium has obtained a site permit at Kaiseraugst and is awaiting a government decision on whether future electricity demand would justify building another reactor.

Amid Dissent, U.S. Panel Extends Vote Rights Act

WASHINGTON — The House Judiciary Committee has approved an indefinite extension of the Voting Rights Act after a bitter debate that fractured the bipartisan consensus on the bill.

Rep. Henry J. Hyde, an Illinois Republican who had made many concessions to achieve a compromise, finally concluded that he could not support the bill being pushed by Democrats and civil rights organizations. Thus Friday's vote raised the prospect of a divisive fight on the floor of the House.

"Instead of having sweetness and light, we find there is outright hostility," said Rep. Thomas F. Railsback, a Republican from Illinois. "I have never seen the committee in the shape it's now in, with some of the members at each other's throats."

Civil rights advocates, although pleased with the bill approved by the committee Friday, had hoped to have Rep. Hyde as a supporter. "This is a hollow victory," said Arnold S. Torres of the League of United Latin American Citizens. "The Democrats have incurred the wrath of our Republican friends. A lot of amendments will be offered later out of anger or frustration."

Hispanic groups want to see the law preserved because it protects the voting rights of Spanish-speaking citizens who do not understand English.

The bill approved Friday would continue to require states with a history of discrimination to seek approval from the Justice Department or the U.S. District Court here for any change in election laws or procedures. The bill would set new standards for states trying to escape from this requirement. It would also, for the first time, permit counties to bail out independently of states.

However, the bill provides that a state cannot escape coverage if the Justice Department has successfully objected to an election law change proposed by the state or

Glitter of Uranus and Neptune May Be Diamonds, Scientist Says

NEW YORK — The planets Uranus and Neptune are not covered with frozen ammonia and methane as some scientists say, but they might be covered with another kind of glittering ice — diamonds.

That is the conclusion of physicist Marvin Ross of the Lawrence Livermore National Laboratory in California, who says that the extremely high temperatures and pressures on the two planets might have converted carbon to diamonds.

While a current theory holds that the planets are made of rocky cores surrounded by a layer of ice, ammonia and methane, and an outer layer of hydrogen and helium, Mr. Ross contends that the methane has separated into the carbon and hydrogen atoms that form it and that the carbon atoms have been squeezed into a layer of diamonds or metallic carbon.

Monaco Gets Archbishop

VATICAN CITY — Pope John Paul II has named Monsignor Charles Brand, 61, as archbishop of Monaco after the Vatican elevated the principality to the rank of archdiocese. Monsignor Brand, appointed Saturday, was formerly an auxiliary bishop in Strasbourg.

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- everything for hobby and DIY enthusiasts,
- hardware,
- woodproducts,
- furniture, handicrafts,
- household goods,
- sports goods,
- technical goods and many more
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BERLIN
Sept. 9 to Oct. 4

Air Crash Kills Gen. Torrijos, Political Leader in Panama

Gen. Omar Torrijos, 52, the political leader who won Panamanian control of the Panama Canal in a pact with the United States, has been killed in a plane crash, the National Guard reported.

the Panama Canal Treaties and the man who gave the deposed and ailing shah of Iran asylum. He also was instrumental, along with the Vatican, in persuading the Argentine government to permit former President Isabel Peron to leave for exile in Spain after five years of house arrest.

Gen. Torrijos represented no ideology, although many in the United States considered him a leftist, and worse, as he occasionally flirted with Cuba's Fidel Castro and Libya's Col. Moamer Qadhafi.



Gen. Omar Torrijos ... in 1976.

Gen. Torrijos, then a lieutenant colonel, engineered the coup that overthrew the three-time populist president of Panama, Arnulfo Arias Madrid, in October, 1968.

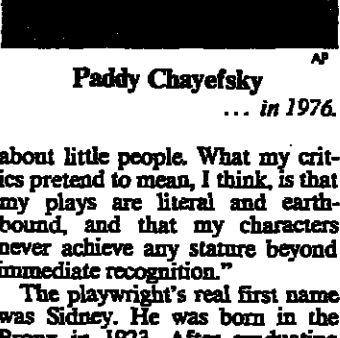
Gen. Torrijos, then a lieutenant colonel, engineered the coup that overthrew the three-time populist president of Panama, Arnulfo Arias Madrid, in October, 1968.

Gen. Torrijos was stereotyped as Panama's "strongman," a military dictator of the Latin American mold. Yet he and the role he played were far more complex than was realized by outsiders.

for a chat with an American correspondent or other visitor, speaking softly as he explained his views and professed his admiration for things American — except for Washington's position on the canal.

Paddy Chayefsky Dies; Wrote 'Marty,' 'Network'

NEW YORK — Paddy Chayefsky, 58, a playwright who won three Academy Awards, died of cancer Saturday in New York.



Paddy Chayefsky ... in 1976.

writing short stories, and also dramas for radio and television. He gained early esteem also for his naturalistic dialogue, which admirers (and later critics, for different reasons) often said resembled tape recordings.

John Thompson, Switzerland (Reuters) — John Thompson, 58, a British trade union leader who was general secretary of the World Confederation of Organizations of the Teaching Profession, a Swiss-based group, was killed last Monday in an automobile accident in Hungary, a spokesman said Saturday.

East Germany, in Shift, Aiding Churches

Berlin — East Germany, in a move away from trying to isolate the country's Christian believers, has embarked on an ambitious program of building new churches and restoring old religious buildings and honoring historic church leaders.

Church was reconsecrated in the presence of Communist officials, Western diplomats and church leaders from East and West.

Pontiff Recovers From Infection, Faces Operation

Rome — Pope John Paul II has fully recovered from the virus infection that has plagued him since mid-June and will undergo a final operation on his intestine in the near future, the pontiff's doctors announced.

Woman Dies in U.S. After Dual Transplant

PALO ALTO, Calif. — A 28-year-old woman died from complications four days after a heart and lung transplant operation, a hospital spokesman said.

International Bond Prices — Week of July 30

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES table with columns for Amt, Security, % Mat, Price, Yield, etc.

STRAIGHT BONDS All Currencies Except DM

STRAIGHT BONDS table with columns for Amt, Security, % Mat, Price, Yield, etc.

HIGHEST YIELDS to Average Life Below 5 Years

HIGHEST YIELDS table with columns for Amt, Security, % Mat, Price, Yield, etc.

HIGHEST YIELDS to Average Life Above 5 Years

HIGHEST YIELDS table with columns for Amt, Security, % Mat, Price, Yield, etc.

HIGHEST CURRENT YIELDS

HIGHEST CURRENT YIELDS table with columns for Amt, Security, % Mat, Price, Yield, etc.

INTERNATIONAL INSTITUTIONS table with columns for Amt, Security, % Mat, Price, Yield, etc.

Cedel has pleasure in announcing the appointment of John Croker as London Representative effective 1st August 1981. Founded by the market for the market.

WestLB Eurobonds · DM Bonds · Schuldscheine for dealing prices call. DÜSSELDORF Westdeutsche Landesbank. London Luxembourg Hong Kong.

WestLB Eurobonds · DM Bonds · Schuldscheine for dealing prices call. DÜSSELDORF Westdeutsche Landesbank. London Luxembourg Hong Kong.

U.S. Requests Mobil To Submit More Data

From Agency Dispatches
NEW YORK — The Justice Department, in its antitrust investigation, late Friday asked Mobil to provide additional data about its offer for Conoco.

Burroughs To Acquire Memorex

DETROIT — Burroughs Corp. has agreed in principle to acquire financially troubled Memorex Corp.
Michael Blumenthal, Burroughs chairman and chief executive officer, said Saturday that Burroughs would acquire Memorex for \$14.50 per share of common stock and merge the company into a new Burroughs subsidiary.

On Tuesday, Memorex officials confirmed the company had been holding discussions with several companies over the past several months with the aim of combining all or part of its assets with another company.

U.S. Utilities Well-Received in Euromarket

By William Ellington
LONDON — U.S. utilities are getting a good reception in the international dollar bond market because they are willing to pay record yields, syndicate managers say.
After a \$50 million, seven-year note issue by Arizona Public Service was priced at 98.5 bearing 16 1/2 percent annually to yield 16.63 percent at maturity, the issue rose to 99.5 offered Friday in an otherwise lackluster market.

desire to tender to Mobil will now have to wait a bit longer for payment. However, we expect the Mobil board will consider early next week what further action to take.

Meanwhile, Jos. A. Seagram & Sons Saturday began paying \$92 a share to Conoco stockholders for shares tendered.
Seagram had planned to begin paying for Conoco stock at 12:01 a.m. Saturday, but court challenges to the Seagram offer delayed the company from issuing checks until early Saturday afternoon.

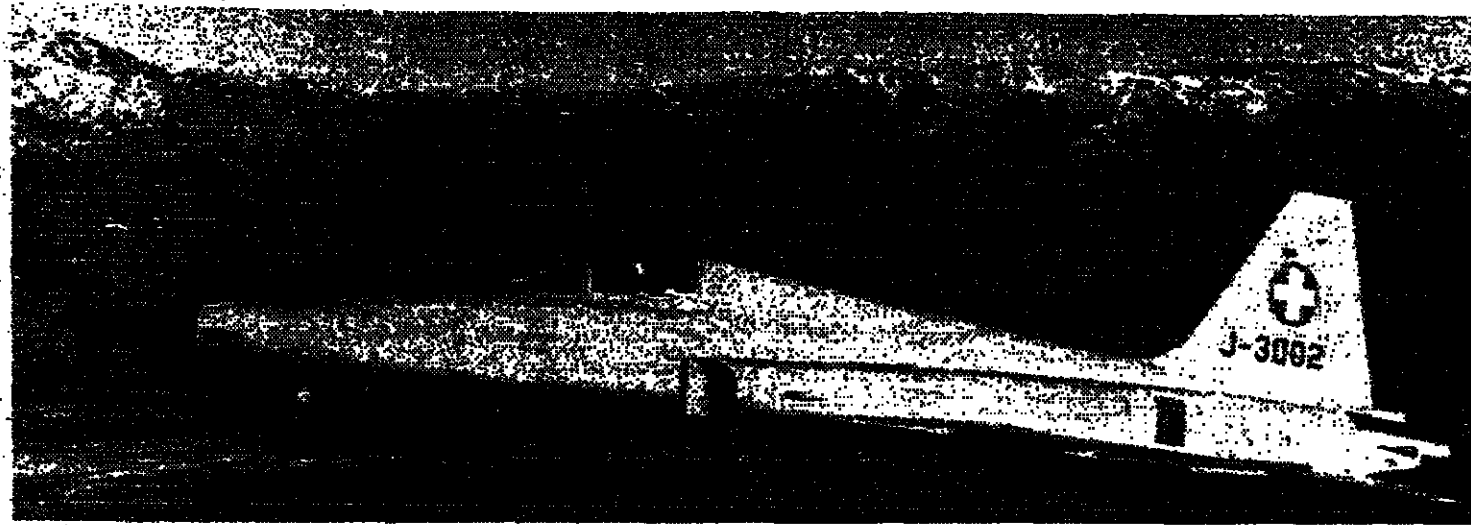
Under the Seagram offer, Conoco stockholders could actually walk into the bank, hand in their shares and walk out with the cash. That will continue until Seagram has the 51 percent, or 44.35 million shares it is seeking or until the offer expires Wednesday.

Weyerhaeuser Sells Most of French Unit

TACOMA, Wash. — Weyerhaeuser said Friday it had sold 81.7 percent of Weyerhaeuser Europe to Seyfert Welppege of Stuttgart for an undisclosed price.
Weyerhaeuser said it will continue to hold an 18.3 percent interest in the company and representation on the board.

Citicorp is floating a zero coupon note issue with detachable warrants to purchase more zero coupon notes.

Citicorp is floating a zero coupon note issue with detachable warrants to purchase more zero coupon notes. The basic proposition is that if the market value of the warrants rises, investors can sell them separately and come out handsomely. The sale of the warrants would reduce the effective purchase cost of the notes and raise the yield.



Northrop used unusual marketing techniques to sell its F-5E jet to the Swiss Air Force without any help from the U.S. government.

Northrop Helps Its Jets to Sell Themselves

By Pamela G. Hollie
HAWTHORNE, Calif. — Thomas V. Jones, chairman of Northrop, is by nature like the planes he touts — straightforward, efficient and built to survive.
He is also a man who has said more than once that free enterprise should be used to defend free enterprise. In other words, if a jet fighter is reliable, efficient and meets the needs of the market, it will sell. It does not need a handout from Uncle Sam.

To prove it, Mr. Jones is spending \$300 million of Northrop's money on a new plane, the F-5G Tigerhawk, the latest of the company's supersonic fighters in the immensely successful F-5 family. (The 3,500th family member was delivered last week, to Thailand.) And he is challenging a longtime industry pattern that normally calls for getting advance orders and government money to assist in the enormously expensive process of designing, building and testing new planes.

OPEC Meeting Seen This Month

NICOSIA, Cyprus — The major members of the Organization of Petroleum Exporting Countries are likely to hold an extraordinary meeting in August to resolve their differences with Saudi Arabia, the Middle East Economic Survey reported Sunday.
The publication said it understood that "a great number of OPEC countries are coming to feel that the conflict between Saudi Arabia and the rest of OPEC has reached a stage where, if it is not resolved fairly quickly, it will threaten to undermine the entire foundation of the oil exporters organization."

Japanese Offering

LONDON (Reuters) — Japan's Nitto Electric Industrial is launching a \$40 million convertible Eurobond, maturing in 1996, sole lead manager, Nomura International said Friday.
The bond carries an indicated coupon of 5 1/2 percent and is expected to be priced Aug. 12, with payment Aug. 31. The conversion premium will be around 5 percent above the average price of Nitto's

cline in the first half. For this year and next, analysts are predicting earnings at about the same level as 1980's \$86.1 million.
But Mr. Jones is betting short-term appearances against long-term gains. "All defense business is long term," Mr. Jones said. "Five years is very close in. If a customer intends to have a meaningful force, then 10 years is a relatively short time."

Northrop is, in short, something of an anomaly in the defense and aerospace industry, where government nurturing is standard and erratic performance has been the norm.
Northrop shuns the usual cost-plus contracts, in which the government underwrites the cost of overruns. Instead, it offers its customers a fixed price good for a number of years. That way, Northrop may have small profit margins at the outset, when production wrinkles are being worked out, but it can predict its long-run profitability. Then too, except for its fighter planes, Northrop tends to concentrate its business on specific components rather than whole systems.

MEES said that despite the decision by African OPEC members at their recent meeting in Tripoli to hold their official prices at the current high level, a momentum is developing inside the OPEC mainstream toward a price and production compromise with Saudi Arabia. This would permit the stabilization of a chaotically depressed market, MEES said.

Table with 4 columns: Country, Currency, Per U.S., and Per U.S. Dollar Values. Includes entries for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and U.S.

Treasury officials say that without this change, unused tax deductions and credits would pile up on the books of unprofitable companies and make them prime candidates for corporate takeovers.
"Revolutionary" is how some experts characterize the change in corporate tax credits, which may cost the Treasury \$9.6 billion a year by 1986.

Share Reduced
The bill would cut business taxes nearly in half by five years from now, reducing the share of all federal taxes paid by corporations from 12.5 percent today to 7 percent.
Joseph Pechman, a tax expert with the Brookings Institution, said: "There won't be much left of

IMF Finds Rise In Protectionism

By Hobart Rowen
WASHINGTON — Protectionist measures in the industrial countries have been mounting, the International Monetary Fund said Sunday in a report on currency exchange restrictions last year and in early 1981.
At the same time, the non-oil developing countries, facing higher prices for oil and greater debt burdens, have also been adopting more restrictive exchange and trade regulations.

Glimmer of Hope
In volume terms, the growth of world trade was only 1.5 percent in 1980, the smallest increase in five years, and far below the average of the 1970s. In this environment, the report said, the effort of the developing countries to gain greater access to the markets of the industrial countries "has virtually stalled."
If there is a glimmer of hope, it has been the willingness of the richer nations "to resist the adoption of generalized restrictions on foreign trade." But specific protection has been won, the report said, in textiles, clothing, footwear, steel, shipping, and certain consumer electronics industries.

U.S. Firms Look Forward to Slashed Taxes, Trading of Credits

eroded if inflation continues at a high rate, but if the inflation rate continues to drop, the change would permit virtually tax-free purchase of new machinery, equipment and facilities.
A second major change, in the tax rules on the leasing of equipment and other assets, is expected to benefit hard-hit companies in the auto, metals and airline industries, as well as many thriving companies. By opening up the leasing rules, Congress intends to permit widespread trading of tax credits and deductions between money-losing companies that cannot use them and money-making companies that can.

in taxes on new investment, said the passage of President Reagan's tax and budget programs provides a "remarkable opportunity" for recovery.
The vast majority of the tax savings for business arise from the fundamental changes in depreciation, the system businesses use to deduct money spent on capital assets that have long-term value, such as machinery.
In place of complex depreciation rules based on the "useful life" of an asset, Congress would create three main categories of as-

Advertisement for GMAC Overseas Finance Corporation N.V. featuring \$100,000, 14 3/4% Notes due July 1, 1987. Guaranteed by General Motors Acceptance Corporation. Lists various international banks and financial institutions.

CURRENCY RATES

Table showing interbank exchange rates for July 30, 1981, excluding bank service charges. Includes columns for currency, rate, and dollar values.

International Bond Prices - Week of July 30

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of international bond prices including columns for Amt, Security, % Mat, Middle Price, Yield, and Cur. Includes sub-sections for AMERICA, EUROPE, and ASIA.

DM STRAIGHT BONDS table listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

Table of convertible bonds listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

Table of international bond prices (continued) listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

Table of international bond prices (continued) listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

Advertisement for Dainippon Ink and Chemicals, Incorporated. Features the company logo, name, and a list of international partner banks such as Yamaichi International, Credit Suisse, and others.

Table of convertible bonds (continued) listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

Table of convertible bonds (continued) listing various bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Cur.

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Northrop Helps Its Jets to Sell Themselves

(Continued from Page 7)

operated the company as if it were his own for more than two decades.

Thomas O. Paine, a former head of the National Aeronautics and Space Administration and a General Electric executive, came in as president in 1976, after Northrop was rocked by a questionable payments scandal. But Mr. Paine, while forming with Mr. Jones a two-man executive committee, concentrates on the nonaircraft portions of the business, which have their headquarters in Chicago, Kansas City, Hawthorne and Ventura.

While heads rolled at other companies tossed by scandal, Mr. Jones remains in the driver's seat at Northrop.

At the beginning of the F-5 program, Mr. Jones personally convinced heads of state in Saudi Arabia, Singapore and Iran — he was a friend of the late shah — to buy his planes. He jetted around the world arranging meetings and sales, and he built a sales network that is unexcelled in the industry for its aggressiveness.

Not only would Northrop service the planes, but the company would help train them, help build the airports, train the pilots and help out with nonmilitary problems. When Switzerland signed a contract for 72 F-5s in 1976, Northrop promised to find new business for its client so that Switzerland could afford its \$150 million aircraft tab.

Under what became known as the "Swiss

offset program," Northrop became a promoter of Swiss products, even convincing the Pentagon to help out. It delivered \$150 million worth of business, three years before deadline, and won a second round, 65 percent going to third countries, the remainder to the United States.

Last month, Switzerland came back for an additional 38 planes valued at more than \$300 million. As with the previous sale, Northrop has promised to promote Swiss business products throughout the world — this time \$140 million worth of nondefense business ranging from interior design and wine presses to X-ray equipment.

Northrop's marketing program gradually leads customers through Northrop's alphabet of F-5 fighters, beginning with the simplest available and graduating to the higher end of the model line.

Even the high end is marked by a noticeable simplicity. While competitors built birds, Northrop built gnats — small, easily maneuverable, easily maintained, fast-flying and reasonably priced defensive weapons — that could swamp an attacker, hit and run.

"We have used our advanced technology to simplify," said Mr. Jones.

The F-5 was designed primarily for U.S. allies after it became apparent in 1956 that planes given by the U.S. to countries like Brazil and Turkey were too sophisticated, required

too many parts and skilled mechanics. Northrop set out to develop a simple plane, one that would counteract the threat of the Soviet-built MiG-15.

The F-5G, now up against the MiG-23, is the newest in the tradition. And, according to Northrop, it is the simplest and most reliable yet. It has a General Electric engine with 14,300 parts, 7,700 fewer than its predecessor, the single pilot F-5E and the two-pilot F-5F, but offers 60 percent more engine thrust.

And the engine is designed so that it can be broken down into six units for easy maintenance. Manpower requirements for maintenance have been reduced by 52 percent and the cost of operation and maintenance by 63 percent. Even though the plane will weigh more than the F-5E, it will take off in 28 percent less distance and climb 48 percent faster. Flying at a maximum speed of up to 1,300 miles an hour at 36,000 feet, the F-5G is 22 percent faster than the F-5E, while consuming 53 percent less fuel.

"We have tried to look at the whole picture, the real needs of the customer," said C. Robert Gates, vice president international and the F-5G program manager. "Perhaps the best feature is that we can promise our customers that the F-5G's average operational ready rate will be 80 percent. That means there will be more of them in the air, not on the ground for repair."

U.S. to Slash Business Taxes, Allow Trading of Credits

(Continued from Page 7)

sets. In the legislation, investments in industrial buildings generally would be deductible over 10 years, machinery and equipment (and some facilities such as oil refineries) would be deductible over five years, and vehicles over three years.

In most cases, the new method would permit companies to deduct investment costs over fewer years,

thereby reducing taxes and leaving them with more cash.

The political selling point of the new system was its promise of greater investments in new business plants and equipment, which supporters say will improve business productivity and profitability.

Charles Walker, tax lobbyist and economic adviser in President Reagan's presidential campaign, agreed that the accelerated depreciation

rules are biased in favor of capital investment, and thus are likely to shift a greater portion of business wealth toward that area. "I call it a redressing of a bias that ran the other way for 20 years," he said.

"I think about capital investment the way Mark Twain did about good bourbon whiskey," Mr. Walker said. "Too much is barely enough."

But critics contend that the new system is likely to be wasteful, giving tax breaks to companies that are not short of investment capital and favoring some industries over others.

"Most economists would say the depreciation changes Congress made were not the right ones," contends Mr. Pechman, who favored a simpler, more even-handed approach proposed by House Democratic leaders in a bid to block the president's program.

Robert McIntyre of the labor-supported organization Citizens for Tax Justice, said the depreciation change "is in fact a targeted tax reduction directing huge tax subsidies to the oil industry, the petrochemical industry and others who have no need of such subsidies to meet their investment needs."

The change in the leasing rules was prompted by concern over imbalances in the distribution of tax savings from the new depreciation system.

Ford, for instance, already has \$341 million in available tax credits from its huge financial losses in 1979 and 1980. Companies are permitted to "carry" losses backward or forward for a limited number of years.

Ford, facing another unprofitable year, is expected to pile up another \$80 million to \$100 million in tax credits in 1981. But its backlog of tax-deductible losses will simply accumulate for another year, losing value because of inflation.

The leasing provision would permit Ford to trade its tax credits to a profitable company that could use them to reduce its own tax burden — a manufacturer of new robot auto-making machinery, for instance, which could lease its equipment to Ford in return.

U.S. Banks' Luxembourg Activity Brisk

By Axel Krause
International Herald Tribune

LUXEMBOURG — There is no sure way of triggering indignation from U.S. bankers in this city than by suggesting they may be cutting back their operations here.

"We are sick and tired of recent talk about the U.S. banks not pulling their weight here and maybe leaving," said Patrick I. Cunningham, who heads Bank of America's Luxembourg operation, which in 1969 became the first U.S. bank to establish itself here.

"Like our U.S. colleagues, we are making money and staying," Mr. Cunningham added.

During interviews last week, he and representatives of virtually all of the other 11 U.S. banks operating in Luxembourg said that the main reason they came here at the end of the 1960s was because it looked as if the Grand Duchy and not London would become the center of the Eurodollar market.

Profits in those markets have become thin during the past few years, however, and they are not expected to rise at all during 1981, according to the July issue of Institutional Investor, a U.S. publication.

U.S. bankers in Luxembourg also conceded that largely because of intense competition in the low-margin syndicated loans and interbank business, their numbers had shrunk to their present level from a high of 16 in 1973.

Most of the banks that closed — the last was Wells Fargo in 1979 — either moved to London or shut down their European operations altogether, U.S. bankers said.

"But arrivals and departures are misleading. U.S. banks that left are the banks that were not quick enough to realize that the expected opportunities were not there," said Henri de Crouy-Chanel, managing director of the Canadian-American Bank, a subsidiary of Northwestern National Bank of Minneapolis.

"Most of the banks have developed successful alternatives to Eurodollar business — private banking, expanded correspondent banking, acceptances, securities and foreign exchange business," said Mr. Crouy-Chanel, who is also chairman of the American Bankers' Club of Luxembourg, an informal affiliation of U.S. banks operating here.

"Overall, we are doing well and growing," he added, stressing that U.S. banks still place almost as many funds into the interbank market as the Swiss banks and that they rank ahead of the French banks.

"If you look at the liability side, U.S. banks also have the third largest percentage of non-bank deposits after the Luxembourg/Belgium groups and the French," Mr. Crouy-Chanel added.

He stressed that recent reports that concluded that the U.S. contribution to Luxembourg banking had proved disappointing, particularly to their headquarters' management, were "incorrect."

Indeed, as Institutional Investor also concluded, "Although profits may be on the skids, the balance-sheet growth of Luxembourg institutions remains impressive."

With the recent addition of Italy's San Paolo Bank, the total number of banks operating in Luxembourg is 113, led by West Germany with 30, followed by Luxembourg/Belgium and the United States with 12 each. In 1970 there were 37 banks.

Private Banking

New, so-called private banking is among the fastest-growing sectors, U.S. bankers said. "Catering to the banking and investment needs of private, wealthy individuals is the future of Luxembourg banking... this place is becoming a little Switzerland," Mr. Cunningham said.

He said that Bank of America was already offering better terms and services for customers than many Swiss banks.

"New private banking business is coming in from around Europe, including from people in Switzerland who want to diversify their risks with U.S. banks," he said.

A new tough bank secrecy law that went into effect several months ago is helping to stimulate the growing volume. "Everyone wanting to bank here, including Americans, now can be guaranteed total discretion under the law," said Pierre F. Champion, who heads the Bank of Boston's Luxembourg office.

He added that Luxembourg's remaining tax-free for the non-resident depositor and investor is one reason his bank is opening five to six new accounts a day from virtually every area of the world. Mr. Champion said that his private banking business volume has risen to \$300 million this year from \$72 million in 1977 and that he expected it to reach \$400 million by July, 1982.

Meanwhile, American Fletcher National Bank reported that much of its new business is coming from quoting bankers acceptances to correspondent banks, while European American Banking Corp., a consortium of six West European banks, said that had expanded its foreign exchange operations to handle the increased requirements for services by U.S. and European customers.

But critics contend that the new system is likely to be wasteful, giving tax breaks to companies that are not short of investment capital and favoring some industries over others.

"Most economists would say the depreciation changes Congress made were not the right ones," contends Mr. Pechman, who favored a simpler, more even-handed approach proposed by House Democratic leaders in a bid to block the president's program.

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MARK (Deutsch)	12.75%
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Treasury Bills

8-4-1981	14.80	13.25	14.80
8-11-1981	14.75	13.25	14.75
8-18-1981	14.70	13.25	14.70
8-25-1981	14.65	13.25	14.65
9-1-1981	14.60	13.25	14.60
9-8-1981	14.55	13.25	14.55
9-15-1981	14.50	13.25	14.50
9-22-1981	14.45	13.25	14.45
9-29-1981	14.40	13.25	14.40
10-6-1981	14.35	13.25	14.35
10-13-1981	14.30	13.25	14.30
10-20-1981	14.25	13.25	14.25
10-27-1981	14.20	13.25	14.20
11-3-1981	14.15	13.25	14.15
11-10-1981	14.10	13.25	14.10
11-17-1981	14.05	13.25	14.05
11-24-1981	14.00	13.25	14.00
12-1-1981	13.95	13.25	13.95
12-8-1981	13.90	13.25	13.90
12-15-1981	13.85	13.25	13.85
12-22-1981	13.80	13.25	13.80
12-29-1981	13.75	13.25	13.75
1-5-1982	13.70	13.25	13.70
1-12-1982	13.65	13.25	13.65
1-19-1982	13.60	13.25	13.60
1-26-1982	13.55	13.25	13.55
2-2-1982	13.50	13.25	13.50
2-9-1982	13.45	13.25	13.45
2-16-1982	13.40	13.25	13.40
2-23-1982	13.35	13.25	13.35
3-1-1982	13.30	13.25	13.30
3-8-1982	13.25	13.25	13.25

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International Bond Prices — Week of July 30

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Amt	Security	Middle Price	Conv. Pr	Conv. Yld	Amt	Security	Middle Price	Conv. Pr	Conv. Yld	Amt	Security	Middle Price	Conv. Pr	Conv. Yld
100	Alitalia Corp 14.93	100	100	100	100	Alitalia Corp 14.93	100	100	100	100	Alitalia Corp 14.93	100	100	100
100	Alitalia Corp 14.93	100	100	100	100	Alitalia Corp 14.93	100	100	100	100	Alitalia Corp 14.93	100	100	100
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NEW YORK (AP)—Weekly Over the Counter stocks showing the high, low, and last bid prices for the week with the net change from the previous week's last bid price. All quotations supplied by the National Association of Securities Dealers, Inc. are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markups, markdowns or commissions. Quotes supplied by NASD.

Table with columns: Sales in 100s, High, Low, Last, Net Change. Lists various stock symbols and their corresponding prices and changes.

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Over-the-Counter

BAYERISCHE LANDESBANK UPDATE

- Balance Sheet Total advances DM 8.3 billion to DM 83.3 billion
Credit Volume increases 11.8% to DM 58 billion
International Business continues to expand
Branch Opening Singapore
The Bank's Equity rises to DM 1.97 billion

Highlights from our Subsidiary and Participation
Bayernlux: Balance Sheet Total increases 9.1% to DM 7.3 billion
Deutsch-Scandinavishe Bank AG (50% holding): Balance Sheet Total up 5.4% to DM 1.6 billion



HIGHLIGHTS FROM THE BALANCE SHEET AS AT DECEMBER 31, 1980. Table with columns: ASSETS (in DM million), LIABILITIES (in DM million). Rows include Cash, Bills, Due from banks, Treasury bills, etc.

Bayerische Landesbank International Banking with Bavarian Drive and Friendliness Girozentrale

Tokyo Pacific Holdings N.V. Tokyo Pacific Holdings (Seaboard) N.V.

The Quarterly Report as of 30th June 1981 has been published and may be obtained from.
National Westminster Bank Limited
Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES

INTERMARKET FUND I Societe Anonyme

Registered Office: Luxembourg, 11, Blvd. Grande-Duchesse Charlotte, R.C. Luxembourg B 8522
Shareholders are hereby convened to the ANNUAL GENERAL MEETING of shareholders of INTERMARKET FUND I S.A., to be held at the hotel de Banque Internationale à Luxembourg, Societe Anonyme, 2, Boulevard Royal, Luxembourg, on August 13th, 1981 at 10 a.m.

Large table of stock market data with columns: Sales in 100s, High, Low, Last, Net Change. Lists numerous stock symbols and their prices.

Gold Options (prices in \$/oz) table with columns: Price, Bid, Ask, Spread. Includes contact information for Valere White Weld S.A.

Over-the-Counter

Table with columns: 100s High Low Last Chgs, 500s High Low Last Chgs, 1000s High Low Last Chgs. Lists various stock prices and changes.

Table with columns: 100s High Low Last Chgs, 500s High Low Last Chgs, 1000s High Low Last Chgs. Lists various stock prices and changes.

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Table with columns: 100s High Low Last Chgs, 500s High Low Last Chgs, 1000s High Low Last Chgs. Lists various stock prices and changes.

4 Inducted Into Pro Football Hall of Fame

New York Times Service
CANTON, Ohio — Morris (Red) Badgro, 78, and George Blanda, who retired at 49 as the oldest active player in the National Football League, were inducted into the Pro Football Hall of Fame Saturday.

of his gratitude to Al Davis, managing general partner of the Oakland Raiders, who gave him the chance to extend his career well into the 1970s. Badgro talked of catching the first touchdown pass in an NFL championship game in 1933 against the Chicago Bears and then being tackled later by Red Grange on the final play of the game that saved the victory for Chicago.

under Coach Lombardi, winning was the easy out.
Said Ringo: "I was lucky to be coached by three men. Each one was a man's man. First there was Coach Willard Rinehart at my high school in Phillipsburg, N.J. He would kick my butt when I was out of line.

you'll be a man." And then there was Coach Lombardi. He instilled in us love and care and respect for teammates.
Badgro not only played for the Giants but also for the old New York Yankees in 1927 and the Brooklyn Dodgers in 1936. Two defunct professional football teams. He also played professional baseball for the St. Louis Browns.

More Sports
On Page 13

Consolidated Trading OF AMEX Listings

Table with columns: 100s High Low Last Chgs, 500s High Low Last Chgs, 1000s High Low Last Chgs. Lists various stock prices and changes.

Cleveland Beats Atlanta by 24-10

Washington Post Service
CANTON, Ohio — This was the Hall of Fame game, played in the Hall of Fame city inside the Hall of Fame stadium. But it did not have Hall of Fame excitement.

Cleveland Browns reserve quarterback Paul McDonald threw two touchdowns passes to Ricky Feacher — one in the third quarter and the other in the fourth — and the Browns defeated the Atlanta Falcons, 24-10, Saturday before 72,921, the largest crowd in the 19-year history of the exhibition games at Fawcett Stadium.

Consolidated Trading OF NYSE Listings

Table with columns: 100s High Low Last Chgs, 500s High Low Last Chgs, 1000s High Low Last Chgs. Lists various stock prices and changes.

NOTICE TO HOLDERS OF ANIXTER INTERNATIONAL FINANCE N.V.
8 1/2% Convertible Subordinated Guaranteed Debentures Due 1996 With Warrants to Purchase a Like Principal Amount of Debentures
ANIXTER Bros., Inc.

American Exchange Options

Table with columns: Option & price, Close. Lists various option prices and changes.

Chicago Exchange Options

Table with columns: Option & price, Close. Lists various option prices and changes.

Dominion Securities Limited and A.E. Ames & Co. Limited are pleased to announce the commencement of combined operations as Dominion Securities Ames Limited effective August 1st, 1981. DSA Dominion Securities Ames Head Office P.O. Box 21 Commerce Court South Toronto, Ontario M5L 1A7 Telephone: (416) 362-5711

Mutual Funds

Table with columns: Bid Ask, Bid Ask. Lists various mutual fund prices and changes.

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One of the baseball players back at work last weekend was Rich (Goose) Gossage, New York Yankees' pitcher.

One for the Record Books in The Year of the *

* Statistics

By Richard Hoffer
Los Angeles Times Service

The fabric of baseball, it can be argued, is now a veritable needlepoint of numbers. History of statistics. No other game is so tediously defined by statistics as baseball, its minutiae so assured by figures. Baseball, over the years, has been as much founded on precepts of arithmetic as athleticism.

But the 1981 season, its fabric anyway, as been rent by the players' strike. Each team will have missed between 50 and 60 games by the time scheduled play resumes Aug. 10. The statistical integrity of the game will have been compromised. This will be the year, as they are now saying, of the asterisk.

Among the neat little calculations for comparative purposes to be corrupted by the strike will be won-lost records. This will be the first season since 1918 (called at Labor Day because of World War I "Fight or Work" regulations) to end short of 154 games. How's that going to look in the record books?

At this point the major leagues have no idea how it should look. Except that it should look substantially shorter than the rest. Whether the major leagues opt for a split-season schedule, as is employed in many minor leagues, or just play it out remains to be decided.

In any event, the champion will have been crowned after an incomplete season. "We'll have to explain this forever and ever,"

sighed Seymour Siwoff, the National League's statistician of choice at Elias Sports Bureau. "We know why it's happened but, 10 years from now, it might not be so clear. It's like the 1918 season. We always have to explain that, too."

Baseball fans, statisticians rather, will find a way to live with the shortened season. What is really going to galling them is the statistical impurity of individual titles and career records.

With the use of numbers, player achievements could be compared from one season to the next. Each accomplishment, reduced to a handy little cipher like ERA or BA or RBI, can be rendered in terms of past accomplishments. Twenty-game winners, 300 hitters — these are statistical standards that prevail from season to season.

But they will not prevail this season. A 20-game winner seems out of the question. There will be no 40 home run sluggers, no 100-RBI seasons. Nobody's going to steal 100 bases.

If the statistical standards for excellence are different this season, so will be the criteria for individual titles. The batting champion will almost certainly not be required to appear at the plate 502 times. That number is a function of the schedule and averages at-bats during a game — 162 games multiplied by 3.1. The same factor of 3.1 may be used to determine the minimum plate appearances for a batting champion.

The same with the earned-run average. The rule requires a pitcher to complete 162 innings — an inning per scheduled game — to qualify for the title. Likely that require-

ment will be amended, the same factor applying. The fielding title will probably be adjusted likewise.

The averages won't be so different this season. But those categories that deal with sheer quantity are going to look mighty funny in the record books. Whoever wins the home run title in the two leagues (Gorman Thomas leads the AL with 15, Dave Kingman and Mike Schmidt and George Foster the NL with 14) will appear to have emerged from the dead-ball era. And all those 20-game winners we are used to, well, let's get unused to them.

Association estimates that its members, whose salaries average \$175,000 a year, lost \$4 million a week. A small group of players claim to have contracts that guarantee salary in the event of a strike and have been paid, under protest, by their teams. Winfield lost more than \$7,770 for each day of the strike, while players earning minimum salaries of \$32,500 lost about \$180 a day.

Unlike the players, the owners' losses were eased by a \$50 million strike insurance policy and a mutual assistance fund of between \$10 million and \$15 million. The teams had received almost \$40 million before the settlement was announced, with Lloyd's of London responsible for about \$25 million as the principal insurer.

The major league cities, like the teams, have suffered losses of differing magnitude. In Philadelphia, the Chamber of Commerce reported losses of \$75,000 to \$100,000 for each game missed; each game lost at Fenway Park cost the city of Boston an estimated \$18,000 in tax revenue and \$650,000 spent in and around the stadium.

During the strike, the teams continued to pay their minor league players and front office staff and continued to finance their minor league operations. Umpires, who earn between \$22,000 and \$50,000 were paid for the first 30 days of the strike.

Ray Grebey, the owners' chief negotiator, and the lawyers on his staff drew salaries during the strike. Marvin Miller, the executive director of the Players Association whose salary has been estimated at \$175,000 a year, and his staff of lawyers were not paid.

'Spring Training' Begins; Reopening Day Approaches

The fellows on the diamonds were looking a little rough last weekend.

But despite the fact that their pinstripes and sweatshirts were fitting a little tighter than when they began their 50-day strike, the 650 major league baseball players were back at work. They were stretching, running, throwing, hitting fungoes, taking infield, playing pepper and otherwise pretending they were in spring training again — even though it was the first weekend in August and 713 games had been lost from the regular season.

Off the field, player representatives met and decided to pass Friday's compromise agreement to a vote of their membership, and the owners scheduled a Tuesday meeting to decide the details of how the season would be finished.

Amid the reverie, however, there were scattered calls for a fan boycott of the "second season," set to begin with the All-Star Game on Aug. 9 in Cleveland, and general outrage on the part of some columnists and die-hard fans. Scott Ostler of the Los Angeles Times called on fans to "throw out the ceremonial first pitch" using ripe tomatoes. And The Washington Post's Thomas Boswell examined the once and future effects of baseball's "lucky two-month fling" that brought opportunity to its "thousand opportunities for calm pleasure."

By Thomas Boswell
Washington Post Service

Now, while baseball's labor malady is in remission, the sport can begin to place its strike in historical perspective and even anticipate the future.

This was, above all, a strike precipitated by ownership, run according to a management timetable and concluded only when organized baseball thought it had extracted as many concessions from players as it could without vast and enduring damage to its product.

In the short run, the owners reversed a decade-long trend by forcing the players to take a step backward: A small step.

In the long run, it was the players who proved they could take the owners' best punch and only give minimal ground. When will the union ever be tested so sternly again? Who will give the owners \$50 million in strike insurance next time?

And the owners have not even gotten the beginning of an answer to the question that concerns them most: how long can the union hold out? At the 50-day mark, the players had shown the ability to bend their position, offer compromises, win public and press sympathy, and yet give no hint of breaking.

The core of the owners' quest was to get direct compensation for free agents — a change in the game's basic structure that would, inevitably, lower salaries. Fundamentally, the strike was, of course, about money.

The hidden bonanza for baseball is probably the pool concept put forward by the players. What, pray tell, is this mysterious pool?

With a few simplifications for the sake of comprehension, this is it:

Every team protects its 26 best players. Everybody else, into the pool. A team that loses a free agent gets to dip into the pool and grab one player as partial compensation.

So, who will these Pool People be? Presumably marginal major leaguers, very old veterans and minor leaguers who are not among the half-dozen or so most cherished properties in their organization.

It is a fair, yet also dramatic, assumption that the pool players from winning teams and powerful organizations, such as the Yankees and Dodgers, will be more desirable than the pool dregs offered by losing teams. (If a club loses 100 games, how good can its 27th best player be?)

An interesting side note is that a maximum of five teams may declare themselves conscientious objectors to the whole free-agent lifestyle and declare themselves non-combatants for a three-year period; they can't sign anybody, but they also won't lose anyone to the hideous drowning pool.

Had the owners broken the union's will this time, salary arbitration would have been the next target of the bosses.

The players' history in the last dozen years is that, under Marvin Miller, they've never asked for a disproportionate share of the pie. If free-agent sala-

ries and, as a consequence, arbitration rulings, went through the roof, it was the result of an ancient mentality among owners that no one anticipated.

The most pernicious effect of this strike is, as yet, incalculable: the fan alienation factor.

For the moment, the streets are full of cries of a fan boycott and other amusing foolishness.

Nonetheless, in a way that may never be measured, baseball has damaged its link with its loyal public. The game has been profoundly unfaithful to an implicit trust. Baseball's most basic promise to its followers is, "I'll be there when you need me." Whether it be box scores, late-night radio games, Sunday averages or the ballpark itself, baseball offered a thousand opportunities for calm pleasure. Baseball seldom sweeps you off your feet, it simply wins your heart with its fidelity.

Every sport cultivates a romance with its public. Baseball, however, has just run off for a tacky two-month fling. No doubt the game will be forgiven. But will the infatuation ever be entirely the same?

By Scott Ostler
Los Angeles Times Service

So the silliest strike in the history of the world has been settled. Whoopie.

Baseball management has decided to give everyone a week to prepare for Reopening Day. This is fortunate, since we'll all need at least that long to recover from the emotional drain of the Royal Wedding. Two great beginnings in the same week would have been too much.

The week will not only give the players time to get back into shape (what the hell have they been doing the last two months?), but will also allow you fans to get ready.

You'll need time to restudy the standings and stats, readjust your schedules and spend hours soaking up the TV and newspaper coverage leading into the new season. We'll all need time to analyze the strike, and determine who won or lost.

It should take about 12 seconds to figure out that the players and owners won, and you lost.

The players did miss a few paychecks, but they can make up for it with a couple of extra off-day guest appearances at supermarket openings. Only a few of the players actually suffered the humiliation of having to go out and get a real job.

The owners had strike insurance, and they also made a few bucks off the interest on your ticket money, which they courteously held for safekeeping during the strike.

Meanwhile, you fans, who the principals in the strike seem to view as large, ungrateful wallets, were put on hold for two months while players fought for the cause of rampant inflation and owners fought for restraints to keep themselves from buying Claudell Washington for \$3 trillion.

Strike Up the Band

It was a little bit inconsiderate, especially to those people who are really addicted to this game. I know one man who couldn't go to sleep at night unless he played his album of ballpark organ music.

The strikers and strikers were needlessly cruel to fans. It is also hard to believe they couldn't have settled this thing a little earlier, like 47 days earlier. After about two hours of negotiating, it should have been clear that neither side would give in completely and that a compromise was in order. But they held out, while you held on.

Naturally, the fans will see to it that the owners and players pay for their insensitivity, yes? No.

All those fan boycotts will be forgotten. The players will not only be allowed to come back, they will be welcomed like returning World War II heroes. The fans will not only be back, but they will be armed with all that money unspent in June and July.

Maybe it's just as well that a week from now everyone will have forgotten there ever was a strike. It's probably good that there won't be lasting recriminations. But it would be nice if the fans were allowed to make one statement.

On Reopening Day, as the players and owners are introduced and are standing along the foul lines, the fans should reach into their pockets for foul tomatoes. Then they should raise as one and throw out the ceremonial first pitch. They've got it coming.

Griffey Finds Locker; Kroc Plans Giveaway

From Agency Dispatches

Confusion and certainty reigned after the major league baseball strike ended. Some players, owners and fans had definite opinions on the strike. Others suffered from mixed emotions.

Consider the plight of Cincinnati outfielder Ken Griffey as he wandered around the Reds' clubhouse like a tourist asking, "Is this my locker? I don't even recognize it."

Later, Griffey admitted that he had not worked out and said that "I don't know if I can hit. I don't even know if I can punt. When they said 'Strike, I struck.'"

San Diego Padres owner Ray Kroc, however, had very definite ideas about his plans for the Padres: he announced Saturday that all seats will be free for the club's reopener Aug. 10 against Atlanta.

Kroc, the 78-year-old founder of the McDonald's hamburger chain, said all 50,000 seats at San Diego's Jack Murphy Stadium would be given away on a first-come, first-serve basis. A full house would mean the Padres lose an estimated

\$250,000 in ticket revenue for the night.

Kroc said he hopes the gesture will allay fan animosity toward the players and owners: "Maybe we can let 'em know we're sorry. We want to open the floodgates."

San Diego outfielder Joe Lefebvre said he expects the fans will eventually forget their bitterness and return: "Oh, there will be catcalls and that stuff, but it was something that had to be done. Unions strike all the time, General Electric, the coal miners. What the hell."

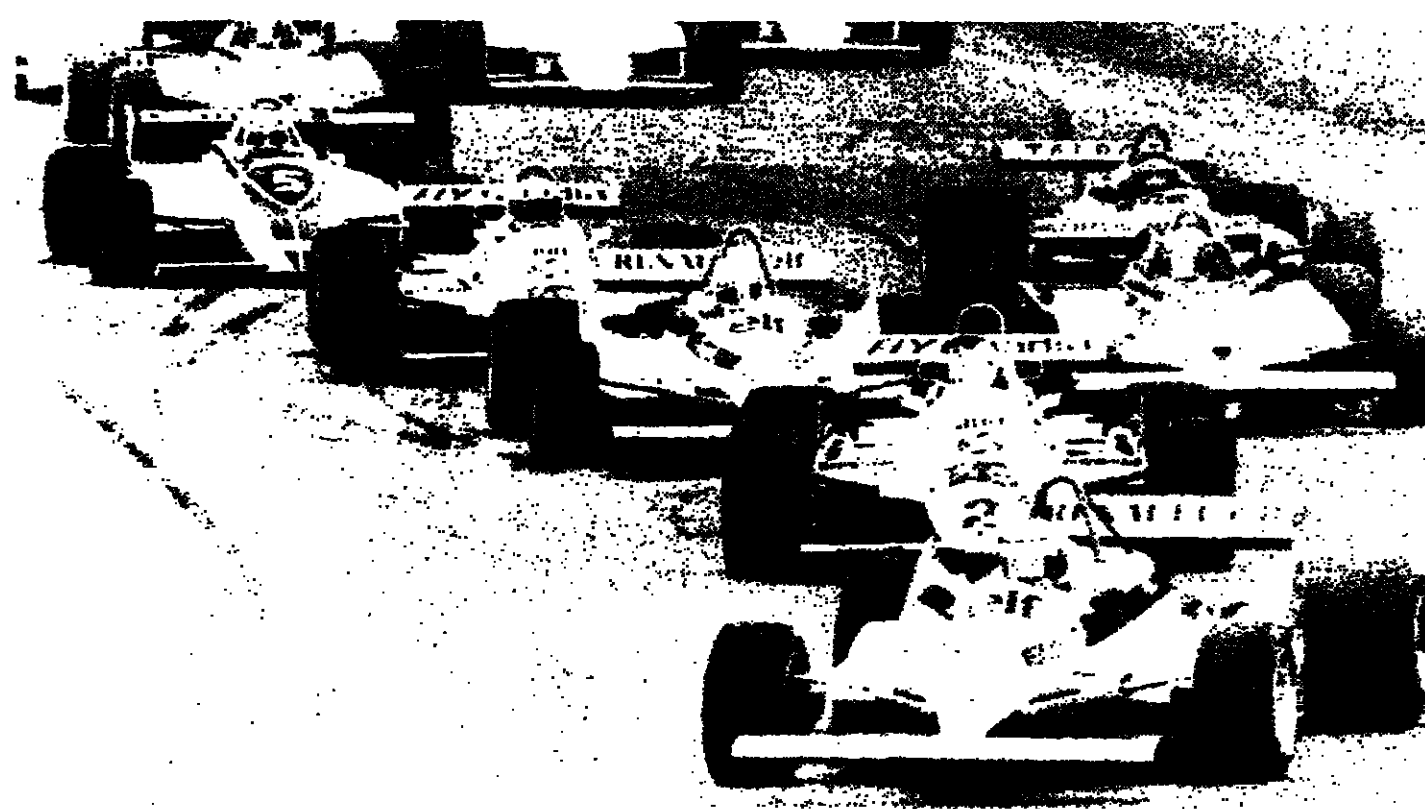
When Bobby Brown, the New York Yankee outfielder, heard about the end of the strike he "jumped up in the middle of my bed and grabbed my wife and hugged her. I told her now I'm going to be making money again so she doesn't have to divorce me. I drove my wife crazy. She wanted to watch the soap operas and I wanted to watch the news. I didn't realize how important the game was to my life. I didn't know what to do with myself. The biggest thing was waiting."

Larry Bowa, the Phillies' shortstop, said jokingly that seven weeks "was the longest Pete Rose has ever gone without a hit."

"Not everything is sweetness and light," said Rusty Staub, the Mets' player representative and a member of the negotiating team, "but it was the best we could do to get back on the field."

"Oh, I was steamed about the strike, was I?" said Maryanne Ezizian, a 20-year-old electronics technician from Deer Park, N.Y. "I cursed the owners and the players every day... I broke up with my boyfriend because he wasn't nuts about baseball like I was."

"We had big fights — I wanted to watch the Yankee game on TV, and he wanted to see 'MASH.' It was hell. But there's nothing like baseball for suspense — the whole thing builds, and then: Will Goose strike out the side or walk in the winning run? Or it's the bottom of the 10th of a tie game, and Oscar Gamble unloads one. I scream my head off."



Alain Prost of France leads the West German Grand Prix field shortly after the start of the Formula One race at Hockenheim on Sunday. Coming out of the grid behind Prost were Carlos Reutemann, Rene Arnoux and Didier Pironi at far right.

Piquet Outlasts Prost In West German Prix

HOCKENHEIM, West Germany — Nelson Piquet of Brazil, driving a Brabham, won the West German Grand Prix Sunday ahead of Frenchman Alain Prost in a Renault and Jacques Laffite in a Talbot-Ligier.

Hector Rebaque of Mexico was fourth in a Brabham, Eddy Cheever was fifth in a Tyrrell and Britain's John Watson finished sixth in a McLaren.

The world champion, Alan Jones of Australia, led for much of the 45-lap race but was forced out two laps from the end after his Williams developed gear-box trouble.

Jones' teammate, Carlos Reutemann of Argentina, entered the race with 43 points and stayed on top of the world championship standings, as Piquet closed to within 7 points. Laffite moved ahead of Jones into third place in the table.

his Brabham gave him trouble after it lost a skirt near the start when he apparently drove over a tire tread shed by another car. "The car was very hard to keep balanced," he said. "Without Jones' bad luck I would hardly have won."

Thatcher in Accident

HOCKENHEIM, West Germany (AP) — Mark Thatcher, 27, son of British Prime Minister Margaret Thatcher, escaped shaken but unharmed from a spectacular accident on the Hockenheim track Saturday when another Briton, Edward Jones, hit him from behind as his car slowed down with mechanical trouble.

Thatcher's car did a somersault and landed on its wheels. Jones suffered some leg injuries.

Transactions

FOOTBALL
National Football League
CHICAGO — Signed Jason Thomas, guard and wide receiver from Ohio State.
CINCINNATI — Signed Steve Fisk, defensive lineman, on waivers from New Orleans.
HOUSTON — Signed Mike Reinhold, defensive back, on a one-year contract, waived Steve Fisk, defensive end, from Seattle.
KANSAS CITY — Signed Earl Gant, running back.
NEW ENGLAND — Signed Horace Ivory, running back.
NEW YORK JETS — Cut Ed Galt, defensive tackle. Signed Steve Mitchell, Gary England and Jim Schuler, guards. Placed Kent Clifton, linebacker and John Wirth, punter, on injured reserve.
PHILADELPHIA — Cut Brent Thoburn, defensive tackle. Signed Greg Pappalardo, offensive tackle, and James White, cornerback.
PITTSBURGH — Cut Willie Collier, wide receiver.
BASEBALL
National League
NEW YORK — Activated Tim Lincecum, pitcher, and assigned him to Tidewater of the International League.
BASKETBALL
National Basketball Association
DETROIT — Signed Jason Thomas, guard and wide receiver from Ohio State, to a multiyear contract.
KANSAS CITY — Signed Joe C. Marner, forward-center, on a three-year contract.
WASHINGTON — Signed Charles Davis, guard-forward.
HOCKEY
National Hockey League
BUFFALO — Signed Rickie Dorn and Bob Hays, defensemen.
PITTSBURGH — Announced the retirement of Eric Thompson, left wing.
SOCCER
North American Soccer League
TULSA — Signed Terry Hernandez, forward.

Transactions

BASEBALL
National League
NEW YORK — Activated Tim Lincecum, pitcher, and assigned him to Tidewater of the International League.
BASKETBALL
National Basketball Association
DETROIT — Signed Jason Thomas, guard and wide receiver from Ohio State, to a multiyear contract.
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National Hockey League
BUFFALO — Signed Rickie Dorn and Bob Hays, defensemen.
PITTSBURGH — Announced the retirement of Eric Thompson, left wing.
SOCCER
North American Soccer League
TULSA — Signed Terry Hernandez, forward.

Fastnet Fleet Assembles for a Safer Race

By Joanne A. Fishman
New York Times Service

NEW YORK — The fleet is assembling once again at Cowes, the sailing community on the Isle of Wight, for the start Saturday of the 605-mile (990-kilometer) biennial race to and from Fastnet Rock off the Irish coast. But this time it will be a smaller, better-prepared fleet that sets sail, because of new regulations instituted by England's Royal Ocean Racing Club.

In 1979, a 306-boat fleet flew the flags of 20 nations and included the swiftest ocean-racing yachts and the world's best sailors. They had gathered in Cowes for the hard racing and the social swirl that had made this the most prestigious yacht race in Britain.

The 1979 race became the greatest disaster in the history of yacht racing. A fast-moving storm drove mountainous swells through the fleet spread across the Irish Sea, leaving 15 sailors dead and 23 boats sunk or abandoned. In all, 136 sailors were pulled from steep, breaking swells estimated to range from 25 to 60 feet high.

According to Roger Ware, press

officer for the Admiral's Cup — the series of national team events of which the Fastnet is the feature race — the fleet is expected to number slightly more than 200 boats, ranging from 30-foot cruising sailboats to powerful ocean racers 81 feet long that are built to the maximum length allowed under the handicap rules.

Australian Trio

Sunday the fleet was expected to finish a Channel Race from Cowes to Cherbourg, France, and back. The last of three inshore races will be held Tuesday, before the Fastnet completes the series.

One of the strongest teams in the Admiral's Cup series is the Australian trio of Apollo, Ragamuffin and Hitch Hiker. They have spent a month practicing in the Solent, between the Isle of Wight and the English coast, with the crews undergoing physical training courses as well.

Apollo is owned by Alan Bond, who headed the America's Cup challenge of the 12-meter yacht Australia last September. The skipper is John Bertrand, who will

skipper Bond's next 12-meter challenger. Ragamuffin is sailed by Syd Fischer, and Peter Briggs is at the helm of Hitch Hiker.

Nearly one-quarter of the fleet are boats from 16 countries competing on the three-boat teams for the Admiral's Cup. Few changes will affect the Admiral's Cup boats. As Ware points out, only one boat on an Admiral's Cup team pulled out last time.

Weekend Sailors

The ax has fallen, though, on weekend sailors. Rules now require the skipper and at least half the crew to have sailed in two RORC offshore races in the previous 12 months. Last time there were no crew qualifications, and consequently, Ware said, "There were an awful lot of weekend sailors who had no idea of how to deal with the conditions."

He observed that the less experienced tended to sail the smaller boats, which were more susceptible to being knocked down by the seas. The RORC's study on the 1979 Fastnet showed that 112 boats were knocked down to hori-

Two-Car Battle

The race quickly developed into a duel between Prost and Jones, who attacked continually without success until the 21st lap, when he squeezed past on the Sachs curve. The Australian built up an 11-second lead over Prost, but with seven laps to go he signaled to his pit crew that all was not well, and Piquet and Prost overtook his Williams as he pulled it into the pits. Jones started off again after repairs, but had to abandon on the 43d lap.

The track took a heavy toll of tires, with a succession of cars pulling off for complete changes.

Piquet's winning time was 1 hour 25 minutes 55.6 seconds, for an average speed of 133.3 mph (213.294 kph). The Brazilian said

SEMI-FINAL STANDINGS
1. Reutemann, 43 points. 2. Piquet, 36. 3. Laffite, 25. 4. Watson, 21. 5. Prost, 19. 6. Cheever and Rebaque, 16. 7. Jones, 15. 8. Arnoux, 14. 9. Jones and Rebaque, 8.

Letter From Rome

A Last Picture Show

By Dennis Redmont
The Associated Press

ROME — Michelangelo Antonioni is back in Italy, filming and depressed.

The director of "Blow-Up" and "Zabriskie Point," pushing 70 and frustrated by filming schedules and producer apathy, said his first movie in Italy since 1964 will probably also be his last in his native country.

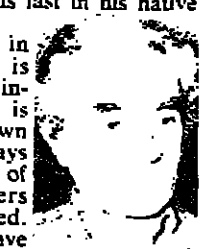
"Shooting in Italy today is grotesque and insulting. Rome is the only town you can film five days a week instead of six. Producers have vanished. Distributors have limited tastes. And the government doesn't care about movies," he said.

Antonioni is the only active moviemaker of Italy's Big Three. Federico Fellini has been titled for two years. The late Luciano Visconti's disciple Franco Zeffirelli is working on opera and international television series. And as Italians were lured by an explosion of private television stations that bought stocks of mostly U.S. celluloid to fill air time, cinema attendance in Italy dropped 12.5 percent last year.

Antonioni's controversial and technically revolutionary 1979 film, "The Oberwald Mystery," finally opened in Britain but is not scheduled for U.S. release until next year. Transferred from videotape to magnetic film by a new process tested in a Los Angeles film laboratory, it contains scenes in which colors change as the camera follows the characters and their moods.

"Oberwald" was the first Antonioni film in 16 years for which the director chose his one-time companion, Monica Vitti, as a star, portraying Empress Elizabeth of Austria.

So perhaps it was only natural for the next step to lead back to Italy, where in 1964 Antonioni and Vitti made "Deserto Rosso" (The



Antonioni

Red Desert), won the Venice festival prize and capped a celebrated series of four films on the difficulty of communications between people.

"L'Avventura" (1959), "La Notte" (1960) and "L'Eclisse" (1962) had made Antonioni a favorite of ecstatic critics and a target for enraged spectators, who found his excursions into love and middle-class indifference arcane or boring.

Antonioni says little about his current project, "Identification of a Woman," which he finished shooting in 18 weeks, mostly in Rome and Venice. Editing will take six more months. "If maestro, as he is called, hints at a surprise science-fiction finale whose special effects he will rig up in the United States with fellow video-experimenter Francis Ford Coppola ("Apocalypse Now") and George Lukas ("Star Wars").

"A film is like a fetus in the belly of its mother," Antonioni said. "You can't know what kind of face the child will have."

"The film is about a movie director and two women, one of them an aristocrat, the other a lower-middle-class theater actress," he added. "It is not a film about a movie director, like Woody Allen's 'Stardust Memories' or Fellini's '8 1/2'. But they will undoubtedly say I am hiding behind that director. I don't care if they say that."

The film stars two little-known actresses, Christine Boisson of France and Daniela Siviero of Italy. Also appearing is Tomás Milian, the son of a Cuban general, who found fame and fortune in Italian police dramas. Infected by what he called the "absolute genius" of Antonioni, Milian now plans to turn director himself.

"Antonioni should think this is his last film," Milian said. "That way, he will put everything into it. It's a healthy and creative feeling."

Antonioni has no great illusions about the probable success of his new film. "This country is not taken seriously. They like our films only when they show poverty or a frivolous way of presenting ourselves. Italy is not very interesting for the outside world," he said.

He promised that "Identification of a Woman" will not be pessimistic. "I don't think 'Blow-Up' or even 'The Passenger' were pessimistic. I'm not a pessimist. That's why I continue to film. But not in Italy any more."

William Safire is on vacation.

Josh Logan Takes Stock

A Master Showman Reflects on Broadway, Enthusiasm, Mental Illness and Sundry Other Theatrical Topics

By Megan Rosenfeld
Washington Post Service

WASHINGTON — His affinity with show business began, Josh Logan suspects, when he was 2½ years old, living in Mansfield, La., with his grandfather and widowed mother. He doesn't remember the incident, but it has been told the story so many times he figures it must be true.

"One evening he was taken to an evangelist's meeting, and the preacher was ranting and on about repentance and so forth. Borrowing a phrase that had been directed at him by one of the family servants, he shouted in clarion tones and baby innocence: 'Gawd, man, hush!'"

For years after he was remembered affectionately by folks in town as the boy who told Nick Carter to hush up. "Who knew that three words said in public could leave that kind of impression?" he said. "I just knew I was going to go on the stage."

First Attempt at Teaching

Joshua Logan, now approaching 73, went on from that first public display to a life in the theater that approaches legend. He was in Washington for a few weeks, not on a pre-Broadway tryout this time, but for his first attempt at teaching, a workshop in musical theater at American University's Performing Arts Academy.

The students were in leotards and headbands, their tap or jazz shoes clacking on the floor. Though they were young, they knew who Joshua Logan is. They knew the songs from "South Pacific," which he directed, co-authored and co-produced, and the names of the characters in "Picnic," which he directed on Broadway and on the screen, and the plot of "Bus Stop," in which he directed Marilyn Monroe in one of her best roles.

Some of them brought in, for autographs, copies of his two volumes of autobiography, which are filled with anecdotes about people like Mary Martin, Stan-

islawski, Henry Fonda, and Rodgers and Hammerstein.

And if they didn't remember everything in a career that started in the early 1930s, he told them. Every day he talked for an hour or two, reminiscing, hoping to communicate the complexities of the theater profession. Later in the day, he taught an acting class.

"This is a sort of an experiment," he said during a break between classes. "I thought it might give me another book. Some kind of new way of looking at myself." Also, he added, he is a workaholic. He likes to be busy.

Affection and Respect

The students seemed to regard him with a mixture of affection and respect. They called him "Josh," as he requested, and brought their lunch to class, as he suggested. He sat in a high-backed chair on stage, half-glasses perched on his head, occasionally looking at his watch to make sure he didn't talk too long.

When asked what made him so successful as a director, he suggested that perhaps it was his enthusiasm for something truly like... I can excite everybody else with that and it's also a calming influence on everyone. They trust my enthusiasm. And I trust it. Something else is that I do not despise showmanship. I find it a part of good theater.

"Are you interested in all this talk about Russia?" he asked one class. They assured him that they were. "It doesn't have many laughs," he warned and launched into a description of his trip there in 1930 to study with Stanislavski.

"Stanislavski himself was a tall, big man with very thick lips. He looked like a foreigner. He was a sort of buff-colored man with a head of full, white hair. He was kind, but also a devil. He went after any actor he thought was pulling some silly or worthless thing. He would never let anyone get away with anything that was unrealistic or pretentious."

From Stanislavski he learned that he wanted to be a director,



Director Logan: "Gawd, man, hush!"

tor to help publicize lithium. It was only after his first breakdown that he learned that his father, who killed himself when Logan was 2, may have had the same disease. He said his career did not suffer because of his illness — probably, he joked, because show business is a manic-depressive profession.

He did not like his two most recent projects, a play called "Horowitz and Mrs. Washington," which had a brief New York run last year, and a musical called "Look to the Ladies." But he plans to direct a revival of "Charley's Aunt" next year in Georgia and hopes to bring it to Washington's Kennedy Center later. He has an idea for a new musical, too.

This being Washington, he had an appropriate story to tell. It was only after his first breakdown that he learned that his father, who killed himself when Logan was 2, may have had the same disease. He said his career did not suffer because of his illness — probably, he joked, because show business is a manic-depressive profession.

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PEOPLE

U.S. Identical Twins To Try Channel Swim

James and Joshua, the 27-year-old identical twins from Wantagh, N.Y., will attempt to swim the English Channel Sunday — and set some records will be the first time the feat has been attempted by two persons at the same time. First time the swim has been attempted by identical twins, and first time it has ever been attempted with the butterfly stroke. "Tiger Twins," as the dishing call themselves, already hold world records for long-distance swimming. Their 10-mile (16.093 km) swim on Aug. 27, 1969, in the Atlantic Ocean off Fort Lauderdale, Fla., was the first to be completed simultaneously by two persons, the first world record in any sport held by twins, and first 10-mile butterfly swim.

At least one of the swimming Watergate conspirators, Charles W. Colson, has had a recanonical swim with John W. Dean, the former White House staff member whose testimony before the Senate Watergate Committee implicated several of his administration colleagues. Colson, who became born-again Christian while serving seven months in a U.S. prison as part in the Watergate cover-up in Jefferson City, Mo., a week on behalf of Foundation Fellowship, which he founded after his release as an evangelical ministry for convicts. Of former President Richard M. Nixon, whom served as special counsel in the White House, Colson said: "I knew him only two months ago, and he was in a marvelous spirit." As Dean, Colson had only two words: "We've had a full reconciliation."

Prasad Karam Sethi, who developed lifeline artificial limbs for peasant amputees in western India, has been named winner of the Ramon Magsaysay award for community leadership, the award given annually to the best of the year-old doctor for his "stagnant genius" that has enabled permanent and crippled rural Indians to live new lives. The artificial leg of Sethi and his associates have been called "Jaipur Foot," after the Indian city where it was developed. The annual award, named after the Philippine president who died in an airplane crash in 1960, carries a cash prize of \$20,000. It has been called Asia's version of the Nobel Prize.

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